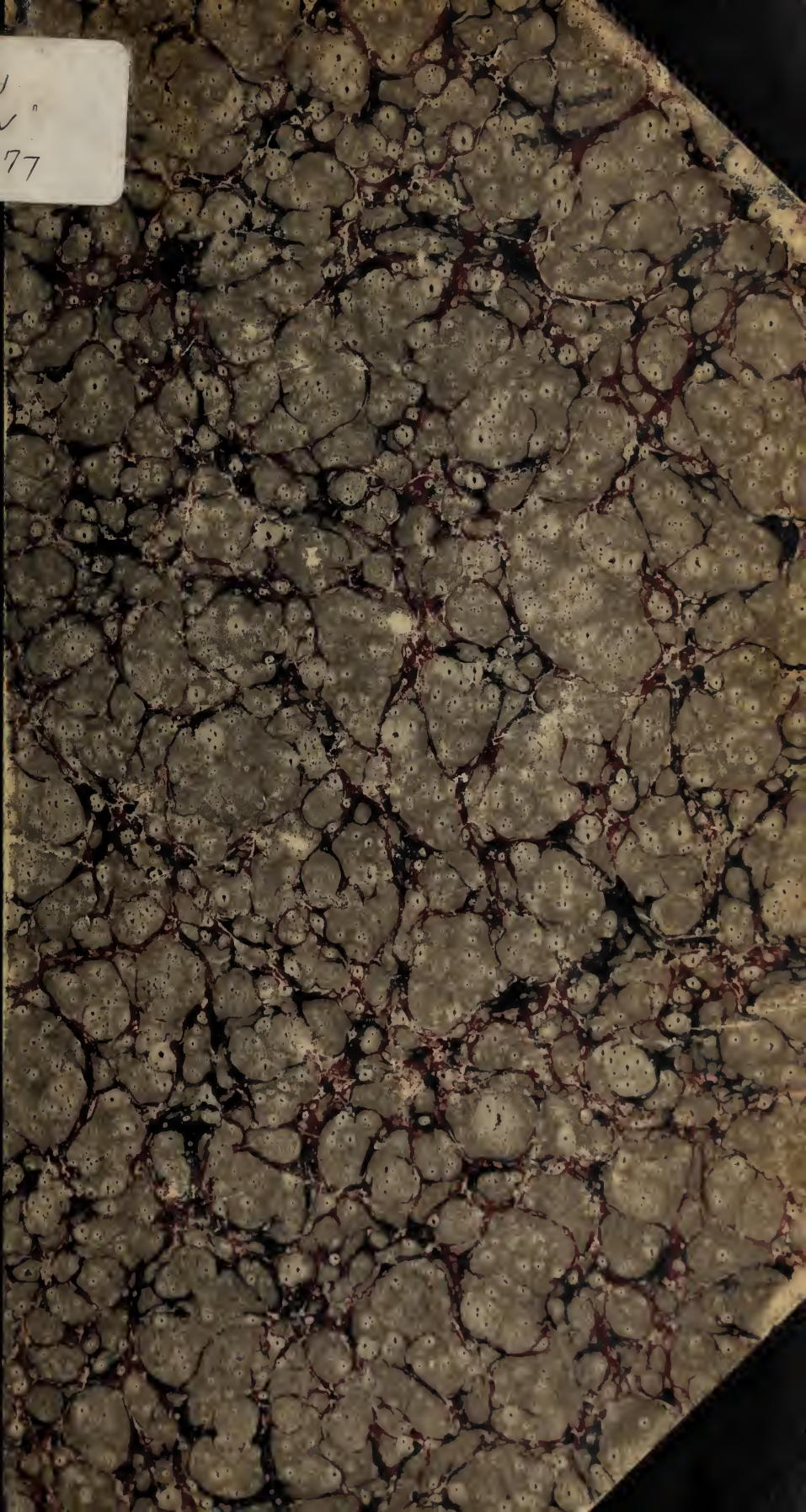


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BUDGET SPEECH

DELIVERED BY

HON. GEORGE E. FOSTER, D. C. L., M. P.,

MINISTER OF FINANCE,

IN THE

HOUSE OF COMMONS,

TUESDAY, 23RD JUNE,

1891.



OTTAWA:

PRINTED BY BROWN CHAMBERLIN, PRINTER TO THE QUEEN'S MOST EXCELLENT
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Mr. FOSTER. Mr. Speaker, in rising to move that the House go into Committee of Ways and Means to consider of the Supply to be granted to Her Majesty, I desire to ask the indulgence of the members present for a very short time while I make a very brief, I hope a plain and pertinent statement with respect to the finances of the country, the operations of the past and present years, so far as the present year has gone, and some estimates with respect to the succeeding year. It may be stated that in two particulars Canada has not in the past years we have under review been so fortunate as we could have desired her to have been. The harvest, which gave good promise in the opening of the last year, did not fulfil the prospects which were formed with respect to it, and was, therefore, not so abundant as could have been wished, and not so abundant as we have had in some former years. The lumber interest of the country finds itself handicapped to a certain extent in the British markets, chiefly by the overcrowding and overstocking of that market, and to a certain extent as well in the South American markets, owing to the general disturbances which have taken place in some of those countries which were large customers for certain classes of lumber, as a result of financial mismanagement and internal revolution and commotion. Outside of these two points in which we hoped that Canada would have had a more prosperous year than she has had, I think there is nothing to prevent us from congratulating ourselves in this House and in the country upon the general state and condition of our trade, our industries and our products. Our harvests, although, as I have said, not very abundant, were, taking the country all round, of a fair average, and the prices received for our agricultural products were probably a considerable amount higher than in the preceding

year, so that the total net results for the country at large was not so unfortunate as might have been thought at first. For the present year, although we cannot, of course, tell what may happen as the months develop, the prospects, especially in Manitoba and the North-West and in certain parts of the older Provinces, are fair; a largely increased area, especially in our western country, has been placed under crop, and at the present time the prospects there are of the brightest. With reference to the foreign trade for the year 1889-90, I may say that the aggregate trade was some \$14,000,000 in excess of its preceding year and marked one of the best years in the history of Confederation, being some \$65,000,000 in excess of the trade in 1878-79, the last year of the Administration which preceded the present Government. The exports for the past year under review were \$7,500,000 more than they were in the year 1888-89 and some \$25,000,000 in advance of the exports for the year 1878-79. There was a gratifying increase of the trade between Canada and Great Britain of \$7,000,000 over and above the year 1888-89, and our trade increased to a greater or lesser degree with France, Germany, Portugal, Italy, Holland, Belgium, China, Japan and Switzerland. There was a decrease of about \$1,000,000 in our trade with the United States of America, a slight decrease in our trade with Spain, and somewhat larger with Newfoundland and with South America and the West India Islands. The decrease in trade with some of these countries was because of reasons which I have previously stated, and I may say as well in this connection that, carrying out the promise of the preceding year, the current year which we have now completed will show a gratifying increase of exports over the very large increase of the previous year. Our home trade, taking

our country through, so far as it appears to one looking with a broad glance at it, is, on the whole, in sound condition. Some branches of our industries are flourishing, while others are not so fortunate in that respect. But taking it all in all, I think it is an opinion which will be borne out by financial men, that the trade condition of the country is a sound one if it is not a very flourishing one. Our inter-provincial trade, which year by year has been becoming more and more a factor and an incident of our development, has its steady increase, and although we have not at hand an unerring means of denoting by statistical records what the exact increase in volume of this trade is, yet from certain large indications that we get we are assured that it is a constantly increasing factor, and that it carries with it all that increased energy and life and prosperity which comes from such a field of activity. Aided by our railways; trunk lines which have been built and which are now in the best of running condition, and smaller and more circumscribed lines, but in their way not less important railways, which develop certain local centres and pour out upon the trunk lines their contributions to commerce, both of these conjoined are, year by year, under prudent and skilful management in the main, accessory to the development of the trade of the country in this respect. Last year has seen an increase, too, in the mining activity of Canada. The Government, by its regulations put in last year's tariff providing that mining machinery of a class and kind not made here should be admitted free of duty for three years, has aided in that activity. The iron bounty is having its results, and in some parts of our country there will be this year large accessions to the productive power of Canada in that respect by capital which is at present being invested in that industry. The visit of the British Association of Miners and Engineers, which was paid incidentally to this country in connection with their annual meeting, has been, I am assured, of great importance to the future development of our mineral wealth. The opinion of experts and the actual views in the country of men who were pre-eminently practical and scientific in this regard, is having its effect in making better known the large and important resources of the Dominion. I must not omit to mention the benefit arising from the labours of our own department, which is partially charged with that, nor ought I incidentally to omit referring to the good which has come from the Commission which was appointed by the Ontario Government, whose labours were very thorough and the information given by which was very complete and of great importance. The immigration of the past year, although it has not been so large in volume as some of the preceding years, has been of a class which is thoroughly satisfactory, I think, to this country. It comprises a class of men who have responsibilities, who have money, who have experience more or less in actual farming, and who come into this country prepared to make their home and stay here, and with a skill and knowledge which is necessary for the development of the properties into which they come. I am sure that the recent visit of the Farmers' Delegates, so thorough and general as it was, and which has been succeeded by one of the most practical and complete reports which I have ever had the pleasure of reading, will have the effect of awakening an increased interest in Great

Britain and other countries of Europe, and will be followed by its fruits of an increased immigration of the class of settlers which we particularly desire to have in this country. Our moneyed institutions have, on the whole, stood well the trying crisis of the past year. Whilst in the United States of America bank after bank has fallen under the stress and stringency of the money market, whilst in Great Britain and in London, the centre of the world's money market, there has been great suspense and great trouble and great stringency; our banks in this country have pursued the even tenor of their way; a gratifying fact which is, I think, partly due to the good system of banking which we have in Canada, but which is, perhaps, chiefly due to the practical knowledge and prudent skill of the men who have our banking institutions in charge, and who take cognizance of the signs of the trade of the world as they appear from time to time and accommodate themselves in a skilful and prudent way to these necessities, and who also heed the warnings which are obtained in that way and so steer a prudent course. Our credit abroad stands as in preceding years; and although the financial troubles which have occurred over the civilized world, and which have been especially felt in the money markets of Europe, have had the effect of depreciating our securities, as the securities of all other countries and all other colonies have been for the time depreciated, and even the British consols themselves, yet our securities stand in comparison better than those of our sister colonies, and, taking all things into consideration, they hold their own in every respect. I think we can congratulate ourselves upon the buoyant nature of the revenue of the past financial year, a revenue the largest in the history of this country, a revenue which did not come from increased taxation as a result of changes and additions to the tariff, but which is an evidence of the power of the people to buy, and consequently marks to a certain extent their prosperity and the soundness of their financial condition. I think we may congratulate ourselves, too, upon the balance which has been kept between the revenues and expenditures of the country, as will be more apparent when I take up those matters in detail. Altogether, Mr. Speaker, to leave this branch, which may serve as an introduction to what is still more germane and pertinent to the question in hand, I think we may say that we have a happy, a united, a progressive, and a right-minded people, who are glad to live in this country and under Canadian institutions, who have a hopeful outlook with reference to the future, and who are full of progress and activity at present. Now, Mr. Speaker, if the House will allow me, I wish to deal for a moment with some more general trade interests. It is within the memory of the members of this House that some two or three years ago I had the pleasure of introducing resolutions which looked to the formation of lines of steamship communication towards the West Indies, towards Great Britain in the matter of a more rapid and better equipped Atlantic line, and towards Australia, China and Japan in respect to improved and regular steamship communications on the Pacific Ocean. I am very glad to say, with reference to these lines, that two of them have been established, and at the present time, I believe, have been well established. Different lines of steamers to the

West Indies were started in part as an experiment, and with a desire, if possible, to open up trade by couriers of a regular and more speedy kind, with the islands of the Carribean Sea and some of the coasts of South America; and although difficulties have been met—very great difficulties, of which the House will know when we take up those particular subjects—I believe I may say to the House that these lines are now fairly well established, under conditions as good as we may hope to obtain at the present, and on a standing and a basis upon which they will be able to prove in the course of two or three years, I hope to the satisfaction of this House and the country, that there lie in those islands to the south of us possibilities of a large and remunerative commerce, as regards especially branches of trade which are complements of each other, and to which in neither country is there home competition, but only the competition from outside. With reference to the Pacific, I may state that the line of vessels which was subsidized by the British Government, and in part by the Canadian Government, has at length been established; and within the last two months the first of those well-built, finely-equipped and speedy vessels has been put upon the route, and passengers and mails have come from the far East across the Pacific Ocean, across our Canadian part of this continent and home to the old country in a space of time surprisingly short, which has elicited astonishment and comment of the most gratifying kind from the press and public men of Great Britain and the continent of Europe. We have, as a Government, put forth every possible energy to have the fast Atlantic line established as well. The House is cognizant of the history of that line up to the past year. During last year we entered into a provisional contract with a company which had very great financial strength, and of which Mr. Bryce Douglas was the agent on this side of the sea. Mr. Douglas visited this country and personally inspected the Canadian Pacific Railway and the ports upon the Pacific; and I may state that he was very enthusiastic both with reference to the prospects of this country and the prospects of a remunerative trade being built up across the country and across the Atlantic, sufficient to warrant the placing of vessels of the best style and equipment between our ports and the ports of Great Britain. A provisional contract was entered into, and, if it had not been for two reasons, one of which, and not the least important, was the disorganization which took place in the money markets at home, for reasons which are well known to hon. gentlemen on both sides of the House, but, more especially, the sudden and lamented death of Mr. Bryce Douglas himself, who was the soul and the inspiring genius of the company, I think we would have been able to inform this House that a hard and fast contract had been entered into for a line of steamships equal in style and equipment to the best that plies between the ports of New York and the ports of Great Britain and the continent; but the death of Mr. Douglas, especially, and the disorganized state of the money markets, has postponed this project, and the Government has again to try its hand, with the aid of the liberal donation which Parliament has placed at its disposal, with the view of bringing about what both sides of this House have declared by their votes and confidence they wish to see accom-

plished. Since last year the McKinley Bill, which was under discussion when this House was in session, and the main features of which were thoroughly settled before we separated, has gone into active operation. That Bill was looked upon with much apprehension and much hesitation by large interests in every part of this country. It threatened some of our trade interests; it certainly pointed to a displacement and a diversion of trade in several important particulars. Canada has had some months of experience of its operation; and, so far as I can see, upon a fair and just retrospect of the months that have passed, and the industries that have been affected, the industrial interests of Canada have stood the strain well, being far less harmed than was anticipated when that Bill was under discussion and when it was about to be passed by the Congress of the United States. The people of Canada, whilst, in some respects, they deplored some features of that Bill, knew that, so far as the Governments of Canada had been concerned, from 1867 up, no fault could be attached to them if there was not a better basis of trade relations between the United States and this country than actually existed. They knew that when, in 1866, the old reciprocity treaty was abrogated, that abrogation took place, not at the desire of Canada, but at the express instance of the United States, and they knew that, from that time up to the present, time and again, Canada has made advances, in a fair and honourable spirit, for the resumption of the old or the inauguration of new relations upon some fair and equitable basis. Looking back at the results which followed the abrogation of the old reciprocity treaty, the people of Canada, although they deplored some features of the McKinley Bill, did not think, viewing their past circumstances, present condition, and future prospects, that they had reason to become discouraged or be less hopeful than before. Looking back to 1866, and knowing that there was then found sufficient trade energy and skill and purpose in this country to convert what was then supposed to have been a great evil into what actually turned out to be a real good, inasmuch as it put Canadians upon their own mettle and energy and made them carve out for themselves fresh and remunerative channels of trade and commerce, they felt that, though they would fain have wished for better relations with the United States, they had ample resources, ample energy and a wide field about them; and setting to work, with that business energy and pluck which is characteristic of Canadians, they met the situation without grumbling or becoming despondent, and with a cheerful and hopeful facing of the future. Sir, that McKinley Bill had barely passed when, at the instance of a large interest in this country, I sent a skilful and practical man to Great Britain, who made a thorough investigation into one branch of trade which, it was supposed, would be seriously affected by the McKinley Bill, namely, the egg trade; and the investigations he made, and which have been since continued, by the High Commissioner, have resulted in a mass of information and a settled conviction, not only in this country but Great Britain as well, that for eggs and poultry there exists on that side a market of unlimited dimensions, in which home competition is at a minimum and the demand continually progressing, and in which, when we have studied and

thoroughly mastered, as can be easily done, its wants and idiosyncracies, we may find a continual and unlimited market for the articles we may choose to raise and export. Statistics show, beyond a doubt, that in the United States market, the demand for our surplus eggs was becoming every year smaller, because of the home competition and the increase of the home supply. Statistics show, on the other hand, that in Great Britain the demand is constantly outrunning the supply, and that there is no probable time in the future when it will not be measurably greater than it is at present. And what is true with reference to eggs is true, in part, with reference to poultry and live animals, and hay and other commodities. And I do not fear to assert and stake my reputation on the future turn of events, when I say it, that, just as that market which, for live stock, cheese and certain other commodities, was a few years ago very limited and has since expanded, until to-day it gives to our trade millions of dollars and the certainty of remunerative prices, so it will, in regard to these other articles, follow the same line and be productive of equal profit to this country. I am sure that no man in this House could wish for anything else, and all must wish for this result. And I see no reason, from past experience, after studying the conditions of the trade, to warrant me in making my statement less strong than I have made it. With reference to the West India trade, some attempt has been made in past years to foster the Canadian trade with these islands. Steamship companies were subsidized with that end in view, and last year, under the authority of Council, I had the pleasure of visiting those islands and of having conferences with their Governments, and merchants and people, in order to find out for myself something more intimately of the condition and the prospects of trade between our country and those islands. And what did I find there? I found, in the first place, the people of the British West India Islands most fairly disposed towards this country. They greeted with pleasure the interest which had been evinced by my visit to them. They had only the warmest feelings for their brethren further to the north and, without exception, expressed themselves as heartily in favour of all possible extension of trade between those islands and Canada. Just about that time, the McKinley Bill came into operation, with its diverse effects upon the people of the West India Islands, and this measure gave them much to think about before they could accept the proposition I was authorized to make, of a differential treatment of the products required by the one country from the other. Owing to the passage of the McKinley Bill, very grave thought and very serious consideration had to be given by them at that particular juncture before they could accept our terms or declare themselves in any way with reference to my proposition. Sir, the mistake Canada made was in not putting steamships upon that route 12 or 15 years ago. If we had done that, we would have opened the channels of trade between both countries previously to the opening of the steamship lines between the islands and the United States, and we would have had already a trade in large part established with all the advantages that come from it. But while we were lying idle, not doing our duty, steamship lines regular and frequent had been sent from the

ports of the United States, business channels had been opened, and business relations formed, and along these the lines of trade and interest ran until at present Canada has to introduce her wares in competition with an old and long-established business interest. But, Sir, I am convinced that, when careful thought has been given to this, and when the results of the McKinley tariff and the reciprocity clause in connection with it comes to be fully worked out, there is a great probability that the people of the West India Islands, who are so well disposed towards us and are so willing to trade with us in every possible way, will be willing, and not only willing but glad, to meet with us in order to arrange a mutually beneficial system of trade between their islands and this country. Sir, it may be—it ought not to be—but it may be a favourite pastime of some people to ridicule the idea of trade between Canada and the West India Islands. We ought not to do that. The West India Islands, inhabited, it is true, in large part by black people, have a large population which consumes very largely, and the aggregate trade of those islands to-day amounts to more than \$75,000,000, nearly one-half of which consists of the import of articles which are specialties of Canada, so far as their production is concerned. They consume those articles which are our natural products and the products of our industries which, when they are introduced into the West India Islands will, I am convinced, find a ready reception there. That this is the fact is proved by the result of the last year's work, and by the results which are just beginning to be apparent, of the exhibition which took place in Jamaica, where Canada made a most important and a most successful exhibit, where she disabused the minds of our island brethren of many prejudices and wrong conceptions which they had had in regard to us, where she displayed her wares and her goods to the best advantage, and where she proved to them that a mutually advantageous trade could take place, and laid the foundation for that trade in actual sales, in many orders, and in prospective trade, which those who had their exhibits there informed me speaks well for future commerce between that country and ours. Then, we have had, during the past year, an answer from the United States of America, different from any answer which has been received from 1866 up to the present time. The papers have been laid on the Table of the House, or at least a part of them. They will form a subject of discussion later on. Suffice it for me to say at the present moment that on an invitation given by Mr. Secretary Blaine—

Some hon. MEMBERS. Hear, hear.

Mr. FOSTER,—the delegates from Canada went to Washington for the purpose of having an informal conversation with Mr. Blaine, and talking over the possibilities of trade relations between their country and ours. They went there, and at the expressed desire of the United States, and, for their convenience and not for ours, the President of the United States asked us to postpone that informal conference which was appointed at that time, and to meet on his own invitation in a formal conference to be held in Washington in the month of October next. That is the state of things as it exists. In response to the offers which have often been made through the British Ministers and otherwise, that is the first time when the United

States Government have intimated that they are willing to sit down with us and canvass fairly and freely the basis of a trade arrangement. It is not my business at present, nor would it be prudent for me to lay down the lines or go into details as to what will be the policy of the Government, when this meeting takes place in October. But I may say this, that the Government holds itself ready, as the Liberal-Conservative Governments have always done, to meet the United States on a fair and equitable basis and with the sincere and earnest desire to remove all differences that exist and to give the greatest freedom of trade compatible with the best interests of this country in its relations with the United States of America. Certainly no Government of a self-governing and self-respecting country should be asked to do more. Further than this, we can state that while we are willing to make all the concessions that on these lines can fairly be made, we are not willing to go so far as to injuriously shut ourselves out from the trade which we have with Great Britain and the other countries in the world, that we are not willing to forego, for a doubtful gain, the substantial advantages which we have enjoyed and expect to enjoy from our relations with the mother country, from which connection we have reaped so much in the past and from which we hope so much in the future. But, so far as is consistent with the best interests of this country and in the broadest commercial and national sense, having regard to our standing as a country forming a portion of the Empire, we are prepared to go as far as these considerations will allow us, and not one single step further. And the Government of the United States would not require more. The Government of no self-respecting country would ask for more, but would honour that country which would maintain the position of self-respect which we inevitably must take. I do not despair that, when our conference takes place in October, if disturbing conditions are not injected which might bring about a defeat, it may be found possible for relations to be formed which will place our intercourse with the United States on a more satisfactory footing than it is to-day. So much with regard to these general matters. Passing to another point, I wish to take up the change which has been made in regard to our Dominion Savings Banks. The members of the House who have followed the constitution of these banks, and the regulations under which they have been conducted, know that the rate of interest and the amount of the deposit have been frequently changed. On December 24th, 1877, the limit was placed at \$1,000. In 1880, the limit was \$3,000. In 1886, it was made \$1,000; and in 1887, the maximum was placed at \$1,000, with a further limit of \$300 a year as the maximum for a yearly deposit, and in 1889 the rate of interest was reduced to 3½ p.c. Previous to making that Order in Council and subsequent to it, the balance which had heretofore existed upon the side of deposits, came to be changed, and from August, 1889, up to the present time, each month, almost without exception, has seen a withdrawal from the savings banks of the country, larger than the deposits which were placed therein. This is not wholly due to the change in the rate of interest, inasmuch as the withdrawals commenced in excess of deposits some months before the lower rate of interest came into operation. However, it has gone on, and for

several causes which might be named, until we find that in the year 1889-90 there was a net reduction of nearly \$2,000,000. This reduction, however, does not show a loss in the gross deposits of the country, and consequently in the earnings of the country at large, but rather a transference. As proof of the statement I make, I have here a table prepared as follows:—

DEPOSITS IN BANKS ON 31st MAY.						
	1889.		1890.		1891.	
	\$	cts.	\$	cts.	\$	cts.
In Post Office Savings Banks	22,132,854	19	21,357,554	67	21,130,429	26
In Dominion Savings Banks	19,214,227	95	18,498,290	34	17,114,889	84
In Chartered Banks payable on demand . . .	55,165,595	67	51,440,101	67	56,522,473	82
In Chartered Banks payable after notice or on a fixed day . . .	68,795,851	55	74,629,147	67	84,679,400	27
City and District Savings Bank and La Caisse d'Economie	10,728,563	45	10,778,164	86	10,994,546	49
	176,037,092	81	176,703,258	81	190,441,739	68

From this it appears that the gross sum of the savings of the country and the deposits of the country in the different savings banks for 1889, amount to \$176,000,000; in 1890, to \$176,700,000; in 1891, to \$190,500,000, thus showing that the total savings and deposits of the people of the country in 1891 had increased about \$14,000,000; so that whatever withdrawal there was from the Government savings banks, is not at all to be taken as a sign of lessened earnings or of lessened savings of the country. Part of it has been due, since the Order in Council was passed, to the change which has taken place in the policy of the banks of the country, the Bank of Montreal, and by other banks, having introduced savings departments or branches, in which they take sums as low as one dollar, and have been paying interest at the rate of 4 per cent. upon them, and this accounts in part for the withdrawal, I am sure, of some of the savings from our banks. However, in order to meet the withdrawals from the savings banks, and which is, in some respects, a redemption of debt, and in order to meet the redemption of debt which fell due from time to time instead of going upon the market for loans, I have been, during the last year, obliged to have temporary loans negotiated by our agents with banks in London, in order to meet these withdrawals and these redemptions of debt. These loans are, as I have said, temporary; they run for twelve and six months, to expire on the first of July in the present year, when arrangements will be made and are now nearly completed, I believe, for their being carried on for six or twelve months longer. This is necessitated from the fact that the state of the London money market, and the state of securities upon that market, make it an imprudent thing for the Dominion of Canada, with a due regard to the high position that our credit has obtained, to go for any regular loans under present conditions.

Sir RICHARD CARTWRIGHT. The hon. gentleman might as well state the amount of the loan, and the rate of interest paid?

Mr. FOSTER. The amount of the loan is £400,000, on the 30th June, 1890; and £600,000 in December, 1890, one running for twelve and the other for six months, the rate of interest being, the first 4 per cent., and the second $4\frac{1}{2}$ per cent.

Sir RICHARD CARTWRIGHT. Is that all, or did you borrow any more?

Mr. FOSTER. That is all we have borrowed.

Sir RICHARD CARTWRIGHT. Do you propose to borrow more?

Mr. FOSTER. We may have to borrow a little more. It depends largely upon the withdrawals which we have to meet. Turning now to the year 1889-90, the results may be tabulated as follows:—

	Estimates.	Receipts.	Difference.
Customs.....	\$24,000,000	\$23,988,953	— \$ 31,046
Excise.....	7,000,000	7,618,118	+ 618,118
Miscellaneous	8,200,000	8,292,853	+ 92,853
Totals. . .	\$39,200,000	\$39,879,935	+ \$679,925

From this it is seen that while there was a slight falling off from my estimate in Customs, there was a large increase in both Excise and Miscellaneous, making the receipts in all nearly \$700,000 in excess of the estimated revenue. It is, however, only fair to say that the large increase in Excise was due to the fact that on the 1st July of the current year, the law respecting the keeping of spirit in tanks for ageing purposes, for two years, came into effect, and that a large withdrawal, contributing duties amounting to \$400,000 or \$500,000, was thereby thrown upon that year, instead of coming, as it otherwise would, into the current year. Compared with the revenue of 1888-89, there has been an increase of \$1,097,055, of which—

Customs gives an increase of.....	\$ 242,170	or	1·02 p.c.
Excise gives an increase of.....	731,379	“	10·62 “
Miscellaneous gives an increase of.....	123,506	“	1·51 “
Totals.....	\$1,097,055	“	2·90 “

The following is a list of articles from which we received increased Customs duties in the year under review. None of them are very large, the largest item being that of wines and spirits, which was partly in anticipation and to a certain extent the result of the higher duties which were placed on these last year.

Ale, beer and porter.....	\$ 7,424
Animals, living.....	15,178
Arrowroot, biscuit, &c.....	22,359
Grain of all kinds.....	71,093
Cement.....	26,804
Coal and coke.....	96,486
Copper, and manufactures of.....	7,997
Drugs, dyes, chemicals, and medicines..	25,955
Embroideries, N.E.S.....	4,639
Fish, and products of.....	4,212
Fruit and nuts (dried).....	12,776
Fruits, green.....	12,598
Gloves and mitts.....	112,975
Gold and silver, manufactures of.....	7,616
Gunpowder and other explosives.....	10,436
Gutta percha and India rubber, manufactures of.....	29,716

Lead, and manufactures of.....	\$ 16,565
Oils, coal and kerosene.....	23,436
Oils, all other.....	26,003
Paper, and manufactures of.....	23,343
Paints and colours.....	2,873
Provisions.....	36,807
Salt.....	7,149
Soap.....	19,336
Spirits and wines.....	179,410
Stone.....	17,019
Molasses.....	10,012
Sugar candy.....	8,787
Seeds and roots.....	15,713
Tea.....	5,030
Tobacco, and manufactures of.....	12,912
Vegetables.....	21,337
Watches.....	10,315
Wool, and manufactures of.....	193,661
All other.....	254,535

In the undermentioned articles there has been a decrease in the duties collected as compared with 1888-89:

Flour and meal of all kinds.....	\$ 25,596
Brick and tiles.....	6,215
Carriages.....	29,384
Cottons, manufactures of.....	60,988
Fancy goods.....	9,967
Flax, hemp and jute, manufactures of..	17,388
Furs, and manufactures of.....	11,693
Glass, and manufactures of.....	15,520
Iron and steel.....	35,213
Leather, and manufactures of.....	93,700
Musical instruments.....	26,243
Silk, manufactures of.....	38,311
Sugar of all kinds.....	824,176

I may mention that the largest article in the items of decrease is that of sugar of all kinds, which show a decrease of \$824,176, showing that that year was not at all a normal year, the causes for which are variously explained. In Excise an increase has taken place in respect of every item upon which Excise duties are levied, as will be seen from the following table, in which it will be found that there was a large increase in Excise, explained, as I have stated; an increase not to a very large amount in malt, an increase in cigars, and a slight increase in tobaccos and snuffs. In Excise an increase has taken place in respect of every item upon which Excise duties are levied, as will be seen from the following:—

	1888-89.	1889-90.	Duty accrued, 1889-90.	Increase over, 1888-89.
Spirits	Gals. 2,972,931	Gals. 3,574,799	\$4,617,643	\$746,910
	Lbs.	Lbs.		
Malt..	51,111,429	54,974,013	557,021	39,597
	No.	No.		
Cigars	92,579,570	98,802,951	593,710	40,003
	Lbs.	Lbs.		
Tobacco and Snuff.	9,749,143	9,802,951	1,850,621	12,027
Total.....			\$7,618,995	\$838,622

On the whole, it cannot be said this shows a very great increase in the consumption of these liquors the country through, inasmuch as if you take the explanation I made with respect to Excise and the

increase of population, the increase *per capita* shows no very great increase over the preceding years, and stands at the present time far less than it did on the average in 1867. This will appear from the following table :—

PER CAPITA CONSUMPTION OF LIQUORS AND TOBACCO.

	Spirits. Beer. Wine. Tobacco.			
	Gals.	Gals.	Gals.	Lbs.
Average since 1867.....	1'168	2'664	1'42	2'117
do 1888-89.....	'776	3'263	'097	2'153
do 1889-90.....	'883	3'360	'104	2'143

The expenditure in 1889-90 I estimated at \$36,500,000, the actual expenditure was \$35,994,031; that is, the actual expenditure fell below the estimate \$505,969. On the other hand, the expenditure of that year fell below the expenditure of the previous year \$923,803. So that, with a saving in expenditure as regards the estimated amount, a saving in the total expenditure as compared with the preceding year and an excess of revenue over what was estimated, there is a gain which accounts for the large surplus over and above what I had anticipated. Increases took place as compared with the expenditures of the previous year, as follows :—

Sinking Fund.....	\$150,593
Civil Government.....	27,133
Legislation.....	231,017
Administration of Justice.....	23,978
Penitentiaries.....	30,403
Superannuations.....	22,831
Railways and Canals.....	25,529

And an increase of \$309,603 in the services chargeable to Collection of Revenue. But, on the other hand, there were marked decreases in the following :—

Interest on Public Debt.....	\$492,090
Charges of Management.....	15,940
Premium, Discount and Exchange.....	27,242
Immigration.....	92,408
Quarantine.....	17,807
Militia.....	36,538
North-West Mounted Police.....	76,608
Public Works.....	326,730
Mail Subsidies, &c.....	17,939
Ocean and River Service.....	154,052
Lighthouse and Coast Service.....	45,664
Marine Hospitals.....	10,603
Fisheries.....	26,702
Subsidies to Provinces.....	146,505
Miscellaneous.....	237,964

Taking, then, into consideration the fact that the revenue gave more than I anticipated, that the actual expenditure fell below the receipts, I am able to say to the House that on Consolidated Fund Account, after all the services for which appropriations have been made had been taken care of by the Government, there remains a surplus of \$3,885,893 over the ordinary receipts. That is not, however, to say that we have the sum of \$3,885,893 actually in pocket. There are capital expenditures as follows :—Railways and Canals, \$3,419,132; on Public Works, \$495,421; Dominion Lands, \$133,832; North-West rebellion claims, \$4,773, to which, if we add the railway subsidies, \$1,678,196, and the transfer of the Colbourn debentures, \$44,496, we have a total capital expenditure of \$5,776,301. So that, Mr. Speaker, the account as a whole of expenditure and income stands in this way: That we took care

of the ordinary expenses of the country out of the Consolidated Fund, that we laid up in the Sinking Fund against our debt and for the reduction of the debt, \$1,887,237, and had a surplus of \$3,885,893 which we placed over against capital expenditure, and came out at the end with an increase of debt of only \$3,170. It, therefore, appears that the statement I made in this House three years ago, and which met with severe ridicule from hon. gentlemen opposite, comes out very nearly verified. I stated that I thought by 1891 an equilibrium ought to be had between expenditure and income, taking in capital expenditure as well as expenditure on Consolidated Fund account, and this has taken place with the trifling exception of \$3,170, which is merely nominal. So that the net debt on 30th June, 1890, is \$237,533,211, or within a few dollars of the sum it was one year previous. Sir, it may not be amiss to lay before the House the course of the finances during the last three years. The expenditure on Consolidated Fund in 1887-88 was \$36,718,494; 1888-89, \$36,917,834; 1889-90, \$35,994,031. The revenue was, 1887-88, \$35,908,463; 1888-89, \$38,732,870; 1889-90, \$39,879,925. The deficit in 1887-88 was \$810,031, in 1888-89 the surplus was \$1,865,035, in 1889-90 it was \$3,885,893. The capital expenditure has kept almost the same for three years, being nearly an average of \$5,500,000, the amounts being: 1887-88, \$5,464,502; 1888-89, \$5,267,035; 1889-90, \$5,731,354. The net debt had increased, in 1887-88, \$7,216,583; in 1888-89, \$2,998,983, and in 1889-90, \$3,170. The rate of interest on the gross debt was, in 1887-88, 3'45; in 1888-89, 3'52; in 1889-90, 3'37, the lowest rate it has reached, with the exception of one year, since Confederation. The net rate of interest on debt was, in 1887-88, 3'12; in 1888-89, 3'07; in 1889-90, 2'99, the lowest point it has reached since 1867. The average interest *per capita* on the net debt, which is the burden of the debt on the people as shown by the payment for interest, was, in 1887-88, 1'79; in 1888-89, 1'74; in 1889-90, 1'65, or only 6 cents more per head than it was in 1879, before the Canadian Pacific Railway was begun to be built or the vast expenditure on canals made. Coming now to the present year, which is pretty near completed, and about which, therefore, we have fairly certain data, I may state that the estimate for Customs made last year was \$23,500,000, for Excise \$7,000,000, and for Miscellaneous \$8,700,000, or a total of \$39,200,000. Up to 20th June, 1891, the receipts amounted to \$36,606,357, and if we receive the same revenue for the remaining ten days as we received last year, the total revenue will reach \$38,858,701. So there will be a decrease from my estimate of somewhere in the neighbourhood of \$800,000. The expenditure up to 20th June, 1891, was \$30,249,329, and if we take the expenditure of last year as a measure for the expenditure for the remaining period of this year, which was \$5,619,427, our total expenditure on that basis will be \$35,868,757. But between 20th June and 30th June of this year there are extraordinary expenses which were not met in the same period of time last year, the items for legislation, for the census, and one or two others. Therefore we must add \$345,000, which will make the expenditure in all probability about the region of \$36,000,000, so that the expenditure for 1890-91, deducted from the income of 1890-91, will give for this year a surplus of about

\$2,100,000, which is again on the right side of the account. The capital expenditure for 1890-91 has been kept far below that of the preceding year. For Public Works we estimate altogether, with what we know has been actually spent, \$500,000; Railways and Canals, \$2,300,000; Dominion Lands and Railway Subsidies, \$1,400,000, making a total capital expenditure in the neighbourhood of \$4,200,000. If we take the Sinking Fund, \$1,900,000, which again is laid up against our debt and is so much in reduction of debt, and the surplus of \$2,100,000, we will find that as between that and the capital expenditure we will come out within \$100,000 or \$150,000 of being equal, whereas last year we came out within \$3,071. This cannot be stated at present to a certainty, but it will not exceed the sum I have named. As regards 1891-92 I cannot make any well-defined estimate. There may be certain changes in the tariff, if the good will of this House carries out the intention of the Government which will affect to a certain extent any estimate which could be made; suffice it to say that the revenues for next year, upon what basis I can estimate for at the present time, will be in the neighbourhood of \$37,500,000.

Sir RICHARD CARTWRIGHT. Will you give the details?

Mr. FOSTER. The details I can scarcely give, but I think I will have a little more to say about that by-and-bye. So much, then, with reference to the condition of our finances. I now go to another and, may be, more interesting section of my subject. Last year the House will remember that we had a rather extended revision of the tariff. I am not one of those who believe that in a country like this, with a protective tariff which is based upon the condition of the industries which require protection, and the condition of industries in other countries and of the labour markets of other countries—I am not one of those who believe that there should be a cast-iron tariff for a stated period of years; conditions change, and with them, if we are reasonable and prudent, we must change the conditions of our fiscal policy. Neither am I, on the other hand, one of those who believe that it is best for the general interest of the country that too frequent tariff revisions should be made. This year I have had pressed upon me, not a very large number I must say, but still a considerable number

of changes in the tariff, some of which possess great merit, and if I were making a general revision of the tariff I should certainly recommend them for the consideration of the House; but taking into account the fact that last year we had a rather extended tariff revision, that this is a summer session and is going to be a short and a hot one, and that we have commercial negotiations on foot between ourselves and the United States, I put these three considerations together as a very good reason, which I think the House will approve of, for the decision that the Government has come to, to make no general revision of the tariff this year. There is, however, one article which appeals to every man's palate and to most men's pockets, and which has claimed the attention of the people of this country for the last few months more largely than perhaps any other; I refer to the article of sugar. Sugar has always been looked upon in Canada as a large producer of revenue, and it has always been made to pay its tribute into the public treasury. Sugar, in one respect, is one of the best articles possible for distributing the taxation, the rich and the poor use it largely in proportion to their means, it is diffused through every section of the country and is used by every class of the people, and there is possibly no article upon which a part of the revenues of the country can be more equitably placed. For fear that some may have, as some have intimated to me, the idea that the Liberal-Conservative Government is the only Government which has put taxation upon sugar and levied large duties from it, I had a table prepared of the course of the sugar duties of the Dominion of Canada, since 1868, and I find that commencing in 1868 with a tax of 1 cent a pound, and 25 per cent. upon all over No. 9 Dutch standard, we have gone on consecutively raising the impost in 1878, 1879 and 1882—I think that was the last revision of the sugar duties, if I mistake not. Therefore a large proportion of the revenue of the country in all these periods from 1868 up to the present time has been obtained from the article of sugar. The course of the sugar industry has been a remarkable one in this country; upon it two parties have had their policies clearly and sharply defined, and I have prepared the following table for insertion in the Official Debates of the House on this subject:

SUGAR ENTERED FOR HOME CONSUMPTION IN CANADA DURING YEARS NAMED.

Year ended June 30.	Quantity.	Value.	Duty Collected.	Rate of Duty.	Cost per lb. of Sugar.	Duty per lb. of Sugar.	Per cent. Raw Sugar.	Per cent. Refined.
	Lbs.	\$	\$	p. c.	Cents.	Cents.		
1878.....	109,463,915	6,186,226	2,595,074	41.95	5.65	2.37	6	94
1880.....	116,847,050	3,904,287	2,026,692	51.93	3.35	1.73	68	32
1881.....	136,406,513	5,110,993	2,459,142	48.00	3.74	1.80	78	22
1882.....	135,329,697	4,846,066	2,999,761	47.50	3.59	1.70	88	12
1883.....	152,729,569	5,091,530	2,467,730	48.00	3.33	1.61	94	6
1884.....	173,742,477	5,509,429	2,609,509	47.36	3.17	1.50	94	10
1885.....	200,011,541	5,100,478	2,544,920	50.00	2.55	1.27	95	5
1886.....	177,897,735	4,573,574	2,303,397	50.30	2.57	1.29	94	6
1887.....	200,466,072	4,862,042	3,167,528	65.20	2.42	1.58	93	7
1888.....	201,839,821	5,154,143	3,433,334	61.50	2.55	1.70	92	8
1889.....	223,841,171	5,837,895	3,675,724	62.96	2.60	1.64	95	5
1890.....	174,045,720	5,186,158	2,851,547	55.20	2.92	1.63	94	6

In 1878, under the regime and policy of hon. gentlemen opposite, this country imported and took for home consumption 109,000,000 pounds of sugar at a value of \$6,186,000 paid to the outside producer, with a duty of \$2,595,000, the rate of duty being 41 per cent. That sugar cost 5·65 cents per pound, the duty upon it was 2·37 cents per pound, and the extraordinary fact—not extraordinary, but remarkable fact which I wish noted is that of this sugar, only 6 per cent. was raw while 94 per cent. was refined, and had been refined by the labour and the capital and within the confines of other countries than our own. What I want to note in that is, the small consumption of sugar, the very large price paid to the outside world for it, the high cost per pound as payment to the outside world, the high duty per pound, and the almost total absence of the refining industry in this country. Well, Sir, in 1879, another policy was introduced; that was the policy of refining the sugar in our own country. That year had its results, and, in 1880, 118,800,000 pounds of sugar was taken for home consumption, costing \$4,000,000 instead of \$6,000,000, with a cost per pound of 3·35 cents instead of 5·65 cents, and a duty of 1·75 cents per pound instead of 2·37 cents, and with the other result, that the percentage of raw sugar imported rose from 6 to 68, and the percentage of refined sugar fell from 94 to 32. And so has gone on the history and progress of the sugar question until 1889, the last normal year, when, without disturbance of McKinley Bills, prospective or actual, the consumption of sugar in the Dominion of Canada reached the enormous amount of 223,841,171 pounds, more than twice the quantity consumed in 1878, the cost of that quantity being \$5,000,000 to us as regards the outside world, as against \$6,000,000 in 1878 for less than half the amount—2·60 cents per pound being the cost and 1·64 cents per pound the duty, whilst the amount of sugar brought in raw, and refined in this country, rose to 95 per cent., and the refined sugar brought into the country fell to 5 per cent. This table will be for the members on both sides of the House to see and to criticize. What I want to draw the attention of the House to is the fact of the decreased burdens represented in the reduced price we have paid for sugar to the outside world, in the cheaper sugar itself, in the lower duty per pound, in the increased consumption, due, in part, to greater cheapness, and to the growth of the industry of refining in our own country, amounting at the present time to 95 per cent. of all the sugar that we use in this country, and a further accompanying result, the enlarged trade with the native sugar-growing and producing countries. So that, whereas in 1878 our sugar was bought, refined, entirely from Great Britain and the United States, almost none coming from the countries of production, now it is mostly all from countries of production, and an increased trade takes place between ourselves and them as a consequence. Now, Sir, at this particular juncture of circumstances, it becomes necessary for the Government to look over the whole question and to consider its policy with reference to this question of sugar. The amount which was consumed in 1889, the last full year, was 223,841,171 pounds, from which a duty was collected of \$3,675,724. If the Government yield to the demand for free sugar,

has to face the reduction of the duties in a normal

year of pretty near \$3,675,000, because the most of that is upon raw sugar, very little being refined sugar. Taking the last three normal years, we will say roughly that the amount of the duty which has accrued, has been \$3,500,000 per year, and it is a difficult question for a Government to face, considering, on the one hand, its desire to give cheap sugar to the masses of the people, and on the other, the imperative necessity for maintaining a fair balance between expenditure and revenue. But the Government has looked over this whole question, and on two conditions, it has come to the conclusion to sweep away, from the burden of the great mass of the people, with one stroke of the pen, \$3,500,000 of taxation; and I venture to say, Sir, that never in the history of Canada, either before Confederation or since Confederation, has any Government come down to the House with such a large reduction of taxes as is involved in this proposition.

Sir RICHARD CARTWRIGHT. Now let us hear your conditions.

Mr. FOSTER. The hon. gentleman asks for my conditions. I shall present them to the House in all kindness, and yet with all the emphasis possible. They are two—first, that we shall assent to a greater economy in public expenditures.

Some hon. MEMBERS. Good; hear, hear.

Mr. FOSTER. I am glad to know that I have the assent of hon. members opposite to that proposal, and I know, and knew previous to this, that I would have the assent of hon. gentlemen on this side of the House; and I promise them and the House that if this Government continues to supervise the expenditures—as we intend to do despite the different motions for adjournment which may, from time to time, be moved—we shall practise this economy in no niggardly spirit, but we will, while giving cheap and free sugar to the people, give them as much as the country ought reasonably to ask for the public works and services and improvements of the country. The other condition is that there shall be compensating duties to a certain extent

Some hon. MEMBERS. Oh, oh.

Mr. FOSTER. Hon. gentlemen must not say “oh” yet. You must not expect to have all the sugar without having something bitter to mix with it. The compensating duty will not be to the full amount of the burden of taxation of which the country will be relieved; for, while we propose to take off \$3,500,000, we propose to ask the House to allow us to put on \$1,500,000, and the question is, where can that be put? It has been urged that we should put a duty on tea and coffee, and if we followed the example of hon. gentlemen opposite, an example which in the main is bad, and which in this instance I do not propose to follow, we would clap a duty of 2 and 3 cents a pound on coffee, and 5 and 6 cents a pound upon tea, and thereby invade the poor man's breakfast-table afresh. Instead of doing that, we propose to make the breakfast-table a freedom in reality—to keep the coffee free, to keep the tea free, and to give the sugar free as well; and we look to a different source for raising the \$1,500,000, a source from which we think it can be raised most easily, with the least burden upon the great masses of the people, and we hope with the least dissatisfaction to the country at large. I propose to ask that the House consent to the im-

position of 1 cent per pound additional on malt. Malt has, up to the present, with few exceptions, borne a duty of 1 cent per pound, and this addition will add, according to my calculation, 3 cents in cost to every gallon of beer; and I ask the brewers, the maltsters, the wholesale sellers and retail sellers, and, if need be, the drinkers, to divide this 3 cents among them and make a cheerful and pleasant face over it. This, on the basis of last year's consumption of malt, will give a revenue in the neighbourhood of \$500,000. For fear there should be any jealousy in this matter, I propose to ask the distillers to consent to the imposition of a slight increase in the Excise duty upon distilled spirits, which will add but very little, 20 cents per gallon, to the cost of that article; and if it is necessary, I want to ask the distillers, and the wholesale sellers, and the retail traders, and the drinkers as well, to divide this equitably among them and make a pleasant face over the operation. That increase will give, upon the basis of last year's output, about \$600,000; and then, that we may all have our luxuries put on an even basis, I am going to ask the tobacco men to submit to 5 cents per pound upon tobacco as an Excise duty, and a similar amount upon the import, which will figure up to \$400,000. All these, added together, will give \$1,500,000; and with the imposition of \$1,500,000 taxes in these ways, which I think the great mass of the people will approve, when we take into account the large relief given to them, we propose to remit the sugar tax of \$3,500,000.

Sir RICHARD CARTWRIGHT. Are the sugar duties to be absolutely and totally abolished without reserve?

Mr. FOSTER. The hon. gentleman must understand me to mean, as I have no doubt he does, that when I have said that the duty upon raw sugars amounted to \$3,500,000 and that it is remitted, it is the duty of course upon raw sugar which is remitted.

Some hon. MEMBERS. Hear, hear.

Mr. FOSTER. Hon. gentlemen opposite would even violate the precious example of the United States, when all along they have been asking us to imitate their example and be guided by them in all our commercial policy.

Sir RICHARD CARTWRIGHT. The hon. gentleman's proposition, as I understand it, is to leave the duties on refined sugar as they are and free raw sugar.

Mr. FOSTER. The hon. gentleman must wait until I get through, when, I trust, all will be made plain. I hold in my hand a list of the resolutions which I propose to ask the House to go into committee upon after the hon. gentleman has replied, and I will briefly run over the recommendations which I propose to make to the committee. A change will be made in the molasses duty, which at present is $1\frac{1}{2}$ cents per gallon. The change that will be made is that all molasses between certain degrees, 40 and 56, which takes in all fairly good and extra molasses, shall pay the duty they now pay of $1\frac{1}{2}$ cents per gallon, but when they test over 56 degrees, they become in reality of the consistency and value of sugar, and come in free, as does all raw sugar. When they test less than 40 degrees, they approach

that perilously narrowed margin beyond which lies the mass of stuff which is sometimes imposed upon the people for molasses, but which is simply rubbish, with, coming down to certain degrees, scarcely a percentage of saccharine matter in it at all. I propose that the duty shall be $1\frac{1}{2}$ cents per gallon below 40 degrees, and one-quarter of 1 cent per degree additional as it grades below, in order to protect consumers from the stuff which is known as "black strap" or something worse, being mere washings, and doctored products, which no man ought to put in his mouth and think he is taking molasses. In addition to the foregoing rates, I propose to keep up what is in the present tariff, a specific duty in all cases of $2\frac{1}{2}$ cents per gallon, when not imported direct without transshipment. Upon all cane sugar and beet root sugar, and so on, not over No. 14 Dutch standard in colour,—that is, the raw sugar which comes in free—upon all that kind, when not imported direct without transshipment from the country of growth and production I propose to keep the same duty as at present—the same relative duty, I mean. There was charged on this before, $7\frac{1}{2}$ per cent. of the duty, and what I propose to put on now is 5 per cent. of the value, which is as near as can be equivalent to $7\frac{1}{2}$ per cent. of the duty. There is also a provision that in all the cases of cane sugar produced in the East Indies and exported therefrom *via* Hong Kong, such rate of 5 per cent. *ad valorem* shall not be exacted, if the sugar is transhipped at Hong Kong. A trade of large prospective growth is opening up between us and the East Indian sugar-producing countries by way of Hong Kong and the Canadian Pacific Railway Steamship Line and railway lines, and for the benefit of the western coast especially and Canada as a whole, I propose that sugar so imported shall not be subject to the duty of 5 per cent. Now, then, my hon. friend will get his answer. The duties now upon raw sugar, which the refiner has to pay in order to make his better grades of sugar, it being so much per pound and so much per degree over 70 degrees, amounts to about 2 cents per pound on granulated. The amount of protection that the refiner has at present on refined sugar amounts to about 3 cents, so that there is a difference in the neighbourhood of 1 cent between what he has to pay on his raw material required to make a pound of refined sugar and the pound of refined sugar that he competes with. All those sugars which come in under that head are to be not free, but to bear a duty of eight-tenths of 1 cent per pound. That is the duty upon refined sugars and upon all over No. 14 Dutch standard. Under the old tariff, glucose or grape sugar came under the general rate. As we have changed the tariff in regard to the rest, we have placed the duty on glucose or grape sugar at $1\frac{1}{2}$ cents per lb. Cut tobacco, which is now 40 cents and $12\frac{1}{2}$ per cent., is to be 45 cents and $12\frac{1}{2}$ per cent. Manufactured tobacco and snuff, which is now at 30 cents and $12\frac{1}{2}$ per cent., is to be 35 cents and $12\frac{1}{2}$ per cent. Ale, beer and porter, when imported in casks or otherwise than in bottles, which is now at 10 cents per gallon, becomes 13 cents per gallon; and ale, beer and porter, when imported in bottles, which is now 18 cents per gallon, becomes 21 cents per gallon. That is, that what is added to the cost of malt liquors by the addition of a cent a pound on malt, is added to the imported articles in order to make the equivalent.

Sir RICHARD CARTWRIGHT. You might state what the equivalent is?

Mr. FOSTER. 3 cents a gallon. The House will recollect that I have asked that 20 cents be added to the Excise duty. Last year I raised the duty on imported spirits and wines, while I made no change in the Excise duty, and it was argued by some hon. gentlemen that I had disturbed the proper proportion which should exist and that some addition should be made to the Excise duty as well. After looking over the whole question, I have come to the conclusion to restore pretty nearly the former equilibrium by adding 20 cents on Excise, while making a smaller increase on the imported article, so that the relative position of the two is brought back to nearly the position they previously occupied.

Sir RICHARD CARTWRIGHT. Did you take account of that in estimating for the million and a half?

Mr. FOSTER. Yes. In regard to the import duties, I do not look for much increase. The increased duty is small and it may have the effect of reducing the importation, and I have made no estimate for any particular increase in that branch. There is another article in which we have decided to make a change, and that is the article of salt, which is now at 10 cents and 15 cents per 100 lbs., and which we propose to reduce one-half, making it 5 cents and $7\frac{1}{2}$ cents. This we have been impelled to do because we considered that, owing to the protection which was given and certain combinations which have been entered into, a monopoly has been created, and it is a wise and prudent thing for us to meet that state of things by reducing the duty one-half. It will also be observed that it is provided that these resolutions shall take effect on and after the 24th June, 1891:

"Provided, however, that nothing herein shall be construed as excepting any sugars now held to be in bond for refining purposes in any bonded premises connected with or occupied in whole or in part by any sugar refinery, which may be found on examination of the stock in such premises to have been removed therefrom, from payment of the duty properly payable thereon under item No. 419 in schedule A to the Act, chap. 33, Revised Statutes, which shall continue in force as regards such sugars, until proper entry thereof and payment of duty thereon has been made."

Mr. PATERSON (Brant). Does that cover sugar in bond in merchants' bonded warehouses?

Mr. FOSTER. It covers all the sugar put in bond by the refiners, no matter where they may be.

Mr. BOWELL. It covers everything in bond.

Mr. PATERSON (Brant). The wholesale men have lately been allowed to hold sugar in bond.

Mr. BOWELL. Yes, it covers that.

Mr. FOSTER. There is another matter to which I will refer. Certain members of the House have been aware that during the last ten or fifteen years a great change has taken place in the world in reference to the production of sugar. Whereas, a few years ago, a very small proportion of the world's consumption of sugar was other than cane sugar, within the last ten years, in European countries especially, a great change has taken place. The cultivation of the beet has been encouraged, and beet root sugar has been manufactured under Gov-

ernment bounties; and this has been so successful under that system that at the present time a little more than 65 per cent. of the world's consumption of sugar is made from the beet. For the last twelve or thirteen years we in Canada have had more or less spasmodic or continued attempts to introduce the culture of the beet in order to make sugar therefrom. The attempts have been to a large extent experimental, and I do not think, from what information I have so far, that the results can be said to have been successful. However, I am not here to-day to argue that question *pro or con*. I have my own opinion in reference to it. I am not here to say that I believe that, by the introduction of the bounty system in Canada, it will be possible for us, under fair conditions and without undue impositions on the people, to make the cultivation of beet in this country successful, with our climate, our soil, our prices of labour and all the attendant circumstances, but I am not unmindful of the fact that in the Province of Quebec there are one or two beet root sugar factories whose promoters have gone in good faith into the enterprise of the manufacture of beet root sugar. They have their machinery there, they have made their investments, they have sowed their beets, and they are now, through the farmers, raising the crop for this year, and to take off all the protection they had when they commenced the season's operations would appear to be a hardship, and I think will so strike hon. members of this House. So that I have this to recommend, that for one year, this season only, whatever beet root sugar is made wholly from the beet in the Dominion of Canada, shall be paid, out of the finances of the country, a bounty equal to the protection which it would have enjoyed if the tariff had remained for the year as it was when the farmers planted their beets and went into that industry. When I make this statement I also wish it to be accompanied by the emphatic statement, that this proposition does not commit me or the Government to the principle of bounty with reference to the culture of beet root sugar in this country; we do not propose to commit ourselves to that principle, and the legislation we ask for now is for this season only, and solely upon the grounds which I have mentioned to the House, and which I believe will approve themselves to the fair sense of the House.

Mr. PATERSON (Brant). Does the hon. gentleman know the amount of bounty per pound?

Mr. FOSTER. I will read the resolution:

Resolved, That it is expedient to provide that, under such regulations and restrictions as may be by the Minister of Customs deemed necessary, there may be paid to the producers of any raw beet root sugar produced in Canada, wholly from beets grown therein between the first day of July, one thousand eight hundred and ninety-one, and the first day of July, one thousand eight hundred and ninety-two, a bounty equal to one dollar per one hundred pounds, and in addition thereto, three and one-third cents per one hundred pounds for each degree or fraction of a degree of test by polariscope over seventy degrees.

This will apply to the present season only, when the farmers have distributed their seed and are looking forward to the season's operations, and it secures to them the amount of protection which they would have had under the tariff as it was at the time when they sowed their seed.

Mr. SCRIVER. What about maple sugar?

Mr. FOSTER. Maple sugar remains just as sweet and just as good as it was, without any

bounty. I have another resolution which I will read on behalf of the Minister of Customs:

Resolved, That it is expedient to amend the Act, Chapter 32, Revised Statutes, intituled "An Act respecting the Customs," by repealing section 94 thereof—respecting the refining in bond of sugar, molasses or other material from which refined sugar can be produced.

Now, of course, that the Government has taken the duty off from raw sugar, there needs to be no regulation, or no law upon which regulations can be based, for the refining of sugar in bond. Mr. Speaker, I thank you, and I thank the House, for their kindly indulgence in the remarks I have made, and their kindly reception of the conclusions which the Government, through me, have been able to announce. I beg leave now to move that the House resolve itself into Committee of Ways and Means on the following resolutions:—

1. *Resolved*, That it is expedient to amend the Act, chapter 33, Revised Statutes, intituled: "An Act respecting the Duties of Customs," by repealing the items numbered 9, 10, 400, 419, 420, 421, 422, 423 and 431, in schedule "A" to the said Act; and to amend the Act 50-51 Victoria, chapter 39, intituled: "An Act to amend the Act respecting the Duties of Customs," by repealing the items numbered 126, 127 and 128, under section 1 of the said Act; and to amend the Act 53 Victoria, chapter 20, intituled: "An Act to amend the Acts respecting the Duties of Customs," by repealing the items numbered 148, 156, 157, 158, 159, 165 and 166, under section 10 of the said Act,—and to provide otherwise by enacting that the following rates of duty be substituted in lieu thereof:—

1. All molasses and (or syrup N.O.P., including all tank bottoms and) or tank washings, all cane juice and (or concentrated cane juice, and all beet-root juice and) or concentrated beet-root juice, when imported direct, without transhipment, from the country of growth and production.
 - (a) Testing by polariscope, forty degrees or over and not over fifty-six degrees, a specific duty of one and one-half cents per gallon.
 - (b) When testing less than forty degrees, a specific duty of one and one-half cents per gallon and in addition thereto, one-fourth of one cent per gallon for each degree or fraction of a degree less than forty degrees.
 - (c) And in addition to the foregoing rates, a further specific duty in all cases of two and one-half cents per gallon when not so imported direct without transhipment.
2. All cane sugar and or beet-root sugar not above number fourteen Dutch Standard in colour, all sugar sweepings, all sugar drainings or pumpings drained in transit, all melado and or concentrated melado, all molasses and or concentrated molasses N.E.S., all cane juice and or concentrated cane juice N.E.S., all beet-root juice and or concentrated beet-root juice N.E.S., all tank bottoms, N.E.S., and concrete, when not imported direct without transhipment from the country of growth and production, five per cent. *ad valorem*; provided, however, that in the case of cane sugar produced in the East Indies and imported therefrom *via* Hong Kong, such rate of five per cent. *ad valorem* shall not be exacted if transhipped at Hong Kong.
3. All sugars above number fourteen Dutch Standard in colour, and refined sugar of all kinds, grades or standards, and all sugar syrups derived from refined sugars, a specific duty of eight-tenths of a cent per pound.
4. Glucose or grape sugar, glucose syrup and, or corn syrup, a specific duty on one and one-half cents per pound.
5. Cut tobacco, forty-five cents per pound and twelve and one-half per cent. *ad valorem*.
6. Manufactured tobacco, N.E.S., and snuff, thirty-five cents per pound and twelve and one-half per cent. *ad valorem*.

Ale, beer and porter, when imported in casks or otherwise than in bottles, thirteen cents per gallon.

Ale, beer and porter, when imported in bottles (six quart or twelve pint bottles to be held to contain one gallon) twenty-one cents per gallon.
9. Spirituous or alcoholic liquors, distilled from any material, or containing or compounded from or with distilled spirits of any kind, and any mixture thereof with water, for every gallon thereof of the strength of proof, and when of a greater strength than

that of proof, at the same rate on the increased quantity that there would be if the liquors were reduced to the strength of proof. When the liquors are of a less strength than that of proof, the duty shall be at the rate herein provided, but computed on a reduced quantity of the liquors in proportion to the lesser degree of strength; provided, however, that no reduction in quantity shall be computed or made on any liquors below the strength of fifteen per cent. under proof, but all such liquors shall be computed as of the strength of fifteen per cent. under proof, as follows:—

- (a) Ethyl alcohol, or the substance commonly known as alcohol, hydrated oxide of ethyl or spirits of wine; gin of all kinds, N.E.S.; rum, whiskey, and all spirituous or alcoholic liquors, N.O.P., two dollars and twelve and one-half cents per gallon.
 - (b) Amyl alcohol or fusil oil, or any substance known as potato spirits or potato oil, two dollars and twelve and one-half cents per gallon.
 - (c) Methyl alcohol, wood alcohol, wood naphtha, pyroxylic spirit, or any substance known as wood spirit or methylated spirit; absinthe, arrack or palm spirit, brandy, including artificial brandy and imitations of brandy; cordials and liquors of all kinds, N.E.S., mescal, pulque, rum shrub, schiedam and other schnapps; tafia, angostura and similar alcoholic bitters or beverages, two dollars and twelve and one-half cents per gallon.
 - (d) Spirits and strong waters of any kind, mixed with any ingredient or ingredients, and being known or designated as anodynes, elixirs, essences, extracts, lotions, tinctures or medicines, N.E.S., two dollars and twelve and one-half cents per gallon, and thirty per cent. *ad valorem*.
 - (e) Alcoholic perfumes and perfumed spirits, bay rum, cologne and lavender waters, hair, tooth and skin washes, and other toilet preparations containing spirits of any kind, when in bottles or flasks weighing not more than four ounces each, fifty per cent. *ad valorem*; when in bottles, flasks, or other packages weighing more than four ounces each, two dollars and twelve and one-half cents per gallon, and forty per cent. *ad valorem*.
 - (f) Nitrous ether, sweet spirits of nitre and aromatic spirits of ammonia, two dollars and twelve and one-half cents per gallon, and thirty per cent. *ad valorem*.
 - (g) Vermouth and ginger wine, containing not more than forty per cent. of proof spirits, seventy-five cents; if containing more than forty per cent. of proof spirits, two dollars and twelve and one-half cents per gallon.
 - (h) In all cases where the strength of any of the foregoing articles cannot be correctly ascertained by the direct application of the hydrometer, it shall be ascertained by the distillation of a sample, or in such other manner as the Minister of Customs directs.
10. Champagne and all other sparkling wines, in bottles containing each not more than a quart and more than one pint, three dollars and thirty cents per dozen bottles; containing not more than a pint each and more than one-half pint, one dollar and sixty-five cents per dozen bottles; containing one-half pint each or less, eighty-two cents per dozen bottles; bottles containing more than one quart each shall pay, in addition to three dollars and thirty cents per dozen bottles, at the rate of one dollar and sixty-five cents per gallon on the quantity in excess of one quart per bottle, the quarts and pints in each case being old wine measure; in addition to the above specific duty, there shall be an *ad valorem* duty of thirty per cent.
 11. Salt, coarse, five cents per one hundred pounds (not to include salt imported from the United Kingdom or any British possession, or salt imported for the use of the sea or gulf fisheries, which shall be free of duty).
 12. Salt, fine, in bulk, five cents per one hundred pounds.
 13. Salt in bags, barrels or other packages, seven and one-half cents per one hundred pounds, the bags, barrels or other packages to bear the same duty as if imported empty.
2. *Resolved*, That it is expedient to provide that there be added to the schedule "C," to the Act, Chapter 33, Revised Statutes, as being exempt from Customs duties, the following, viz:—

All cane sugar and, or beet root sugar not above number fourteen, Dutch Standard, in colour, all sugar sweepings, all sugar drainings or pumpings drained in transit, all melado and, or concentrated melado

do, all molasses and, or concentrated molasses, N.O.P., all cane juice and, or concentrated cane juice, N.O.P., all beet root juice, and, or concentrated beet root juice, N.O.P., all tank bottoms, N.O.P., and concrete, when imported direct without transhipment from the country of growth and production, Free.

3. *Resolved*, That it is expedient to amend the Act, Chapter 32, Revised Statutes, intitled: "An Act respecting the Customs," by repealing section 94 thereof, respecting the refining in bond of sugar, molasses or other material from which refined sugar can be produced.

4. *Resolved*, That it is expedient to provide, that under such regulations and restrictions as may be by the Minister of Customs deemed necessary, there may be paid to the producers of any raw beet root sugar produced in Canada, wholly from beets grown therein, between the first day of July, one thousand eight hundred and ninety-one, and the first day of July, one thousand eight hundred and ninety-two, a bounty equal to one dollar per one hundred pounds; and, in addition thereto, three and one-third cents per one hundred pounds for each degree or fraction of a degree of test by polariscope over seventy degrees.

5. *Resolved*. That it is expedient to repeal so much of sections 130, 192, 177 and 253 of the Act 49 Victoria, chapter 34, and of any Acts amending the same, so far as the said sections or amendments thereto determine the Excise duties to be levied upon the respective articles hereinafter mentioned; and to provide that the Excise duties thereon shall hereafter be as follows:—

1. Upon spirits, as described in sub-section (a) of the above first cited section, one dollar and fifty cents.
2. Upon spirits, as described in sub-section (b) of the said section, one dollar and fifty-two cents.
3. Upon spirits, as described in sub-section (c) of the said section, one dollar and fifty-three cents.

4. Upon malt, as described in sub-sections (a and b) of section one hundred and ninety-two, for every pound, two cents.

5. Upon fermented beverages, made in imitation of malt liquor, as described in section one hundred and seventy-seven, on every gallon, eight cents.

6. Upon tobacco, as described in the first five paragraphs of section two hundred and fifty-eight—for every pound, twenty-five cents.

Except that cut tobacco when put up in packages of one-twentieth of a pound or less, shall, on every pound, pay forty cents.

7. Upon cigarettes, as described in the sixth paragraph of the said section—two dollars per thousand.

8. Upon snuff, as described in paragraph nine of the said section—on every pound, eighteen cents.

9. Upon snuff, as described in paragraphs ten and eleven of said section—on every pound, twenty-five cents.

6. *Resolved*, That it is expedient to provide that the foregoing Resolutions and the alterations thereby made in the duties of Customs and Excise on the articles therein mentioned, shall take effect on and after twenty-fourth day of June, one thousand eight hundred and ninety-one.

Provided, however, that nothing herein shall be construed as exempting any sugars now held to be in bond for refining purposes, in any bonded premises connected with, or occupied in whole or in part, by any sugar refinery, which may be found on examination of the stock in such premises to have been removed therefrom, from payment of the duty properly payable thereon, under item number 419, in Schedule "A" to the Act, Chapter 33, Revised Statutes, which shall continue in force as regards such sugars, until proper entry thereof and payment of duty thereon, has been made.

ADDENDUM.

AUGUST 4TH, 1891.

Mr. FOSTER. My only apology in asking the House for a few moments of patient hearing at this late stage of the debate, is that I have not, up to this period, taken any part in what may be called exclusively the trade debate which has been going on for the last ten or twelve days. During that time I have been in my seat, I think, as patient and constant a listener to the speeches made upon both sides of the House, as any other member in it; so that while I promise the House not to trespass too long upon their attention, I do not think I am presuming too much when I ask them to listen to me while I make a few remarks in criticism of some things which has been said to-night. I wish, first, very briefly to say something with regard to the remarkable speech of my hon. friend who has just sat down, a speech which I do not notice because of its worth, or because of its argumentative force, or because of its courtesy in regard to myself, but because it is a specimen of the arguments which are used too frequently by hon. gentlemen upon the opposite side of politics in rebuttal of the policy of the Government. I wish merely to point out the unfair method and argument, if we may call it such, which has been adopted by the hon. gentleman who has just taken his seat. The hon. member for L'Islet asks this House to endorse the policy of the Government for several reasons. He asks first, that the House express its approval of the fiscal policy of the Conservative Government for two reasons, namely, for permitting the free importation of raw materials, and secondly, for the judicious protection of our natural and manufactured products, both of which, the resolution asserts, have resulted in the marked development of Canadian industries. The hon. gentleman who has just taken his seat dismissed this proposition with a single reference to its first, and with a total disregard of its second basis; and he said we were called upon by the young and verdant member for L'Islet to vote confidence in the policy of the Government, because, forsooth, that policy had encouraged the importation of raw material. And his conclusion was that it had not encouraged such importation. Why? Because the important article of iron, which he called a raw material, paid a duty when it came into this country, and because iron paid a duty he took no note of other raw materials which to the value of \$35,000,000 came last year free into this country. He took no note of the second part of the argument on which the proposition was based, and committed himself to the palpable absurdity, which even he I think might have seen, of making the assertion before this House and the country that iron was a raw material. If the hon. gentleman were asked to make a bar of pig iron and bring it to the manufacturer who proposed to make

it up into something else, I think he would then revise his opinion of that as raw material. If he must first dig it as ore out of the mountain he smelted it, if he put it into the condition of pig iron to be used for manufactures in other and more advanced stages, I should like to know if he could call that raw material such as we generally speak of raw material in this country. And, Sir, the patent fact remained untouched by him that in last year's importations, although \$77,000,000 worth paid duty to this country, \$35,000,000 of goods were brought in without paying any duty whatever. So the position of the hon. member for L'Islet is perfectly justified in asking approval of the policy of the Government on one count, namely, that it does encourage the introduction of raw materials free for use in manufacturing in this country. The hon. gentleman took up the second point on which my hon. friend challenges the approval of the House for the policy of the present Government on account of its liberal aid to important public works, railways, canals and steamship lines, and he, as the hon. leader of the Opposition did, dismissed that argument, dismissed that proposition with the remark that they thought little should be said with respect to public works in this House at the time when great scandals are being ferreted out, as is alleged, and when investigations involving the good name of hon. members sitting in this House are being carried on by a committee of this House. I want to ask whether or not it is a fair argument, allowing for the sake of argument that certain moneys have been ill-expended on certain public works, that because there has been that ill-expenditure of money, therefore the Government policy carried on from 1878 to the present time, of granting liberal aid in railway building, in canal building, in subventions to steamboat lines and to other public undertakings which have made this country a great country, which it never could have been had there not been these liberal appropriations for public works, should be condemned. It is not a substantial, or satisfactory, or fair argument to dismiss the proposition in that way. Then the hon. gentleman states that my hon. friend for L'Islet has made another mistake, being a young member and not so old and wise as the hon. member for Queen's, in fact that he had made a deliberate misstatement. What does the hon. member for L'Islet say? He approves in his motion "of the wise and prudent management of the finances which while adequately providing for the public service." Has it not adequately provided for the public service? "Has maintained and advanced the credit of the country." Has that not been done? "And while producing substantial surpluses for capital expenditure." Has not that been done? "Has made no appreciable

addition to the public debt during the last two years." My hon. friend, if such I may term him, left out the word "appreciably" which the hon. member for L'Islet used when he stated that there had been no appreciable addition to the debt during the last two years, and the hon. gentleman then went on to make the assertion that there was \$3,000,000 of increased debt during the last two years. In both of these statements the hon. gentleman's methods are unfair and characteristically unfair. Not only is it true that there has been no appreciable addition to the public debt in the last two years, but the proposition is also true, as to the adequate provision for the public service, as to the credit of the country and the large surpluses. He attacked none of them, but he said that the hon. member for L'Islet was guilty of a falsehood, of making a false statement in declaring there had been no increase in the public debt. The hon. gentleman knew just as well as the youngest and most verdant member in this House knows, and no one knows it better than himself, and he would consider it an insult to his intelligence if one were to point it out to him, that when we are speaking of the debt of this country, its increase or decrease, we are speaking of the net debt which is the true measure of the debt; and I challenge the hon. gentleman to state that it is not literally true as embodied in this proposition of the hon. member for L'Islet, that in the last two years there has been no appreciable increase in the public debt. Sir, my hon. friend again says that this Government and the hon. member for L'Islet in proposing this policy should have been the last to have said anything about the removal of the duties on tea, coffee and particularly on sugar. Well, if the hon. member for L'Islet should be the last one to say anything about sugar, that criticism might apply to a great many other members and particularly to hon. gentlemen opposite, for, if there is one thing that has struck down deep into their marrow bones and rankles there to-night, it is the fact that this Government, which they have berated so much, whose policy they have so much derided, whose extravagance they have so much talked about and whose impending ruin they have declared to be certain, has been able after twelve years of exceptionally successful government in this country to take off \$3,500,000 from the burdens of the people and to impose no appreciable taxation in compensation for it. But the hon. gentleman said we should talk little about sugar because, forsooth, we have taken the duty off and so destroyed our prospects of a West India trade. I simply note this by naming it; it does not require an argument for men of intelligence and those who are acquainted with the circumstances of the case to know that the statement is not a correct one. He says we talk as if discrimination was a new thing, and declared that the tariff of 1854 discriminated against Great Britain, when everyone who has read history knows that, as regards the articles admitted from the United States into Canada by that treaty, similar articles if they came from England were admitted on exactly the same terms; no discrimination was intended, no discrimination was allowed, and no discrimination was actually practised or carried out. My hon. friend says that the treaty negotiators of 1869, actually in their drafts of the negotiations, had provided for discrimination against the goods

of Great Britain, and yet, Sir, we have against the unsupported testimony of Mr. Huntington, which has been read here and which has been met time and again in this House, the statement of Sir Francis Hincks, and the statement of Sir John A. Macdonald, that although they were not allowed to bring down these papers—because secret and confidential papers could not be brought down—they challenged the accuracy of Mr. Huntington's statements, and that denial stands good to-day against the statement which has been read here from Mr. Huntington, and it is assured in the light of history that from the year 1854 to the present time, Great Britain has never had to contemplate discrimination in reference to reciprocity treaties which have been negotiated, or which have been actually made, between the United States and this country. The hon. gentleman refers to the treaty of George Brown in 1875—the draft treaty—which he says by the way we came pretty nearly getting. Yes, we did; we were ready for it, and willing for it, and the other side of the line would have nothing to do with it. That is just how near we came to getting it. He says that draft discriminated and provided for discrimination against Great Britain, and yet he knows that the Hon. George Brown himself, in his place in Parliament, and the Hon. Mr. Mackenzie as well, repudiated any idea of discrimination, and declared that not only did it not exist, but that every article from Great Britain of like kind should come into this country upon the same conditions and on perfect equality, with those that came from the United States. I wish to notice just for a moment the climax of the argument of the hon. member for Queen's (Mr. Davies). I want it to be listened to in this House; but I hope it will never get as far as Washington; I hope it will never even reach Bar Harbour, for if the quick ears of Mr. Blaine ever catch it, the hon. gentleman and his cohorts may come on this side of the House, and remain here for a legion of years, but they will have to turn their whole policy inside out, and repudiate the hon. member for Queen's (Mr. Davies) before they get any treaty from the United States. Why is that? My hon. friend knows, for he has stated it, and so has the leader of the Opposition, and so have all gentlemen on that side, and it is open to reason that the United States will conclude no treaty with this country out of sheer kindness and good-will for us. They will not conclude a treaty with this country unless they hope to get some advantage out of it. Hon. gentlemen opposite tell us that the only advantage that the United States can get under reciprocal trade is to be found in the fact that they will obtain a market here for their manufactured goods. That is it. They dare not take any other position in their love for the poor farmers, as they call them, and they do not take any other position. Now listen to my hon. friend from Queen's (Mr. Davies). He commences with a fairly mild statement, and he ends with a strong and extreme one. That is the way of the hon. gentleman. His first statement was this: We will import much the same goods from Great Britain as now, if we get unrestricted reciprocity. Then he put his foot upon the chair and he recalled the conversation that he had with a prominent importer in the Maritime Provinces, who actually told him: Yes, Mr. Davies, you get unrestricted reciprocity, and carry it into effect, and

I will import, with the exception of a few cotton prints, much the same goods from Great Britain that I do now. And then he amplified that, and he ended with the strong statement: "Practically, we will import the very same goods from Great Britain as we do now." Then, if we shall do so, I ask hon. gentlemen opposite what *quid pro quo* they expect the United States will get by unrestricted reciprocity, if they carry it out? If the hon. gentleman has as much influence as he has assumption, he has effectually damned unrestricted reciprocity from this hour henceforth and forever. But, fortunately, the hon. gentleman is only a feather in the tail of the kite, he is only a small portion of the party, and it may be that in the hum and hurry of the discussion his small voice will lack power to reach so far as Washington, and possibly even so far as Bar Harbor.

The hon. gentleman has no faith in humanity; especially humanity on this side of the House, and he never rises but he begins by a profession of faith; his creed is that there is no honesty of purpose on the Conservative side of the House.

Mr. DAVIES (P.E.I.) I did not state anything of the kind.

Mr. FOSTER. His profession of faith is that there is no good motive, and there is no honest principle on this side of the House.

Mr. DAVIES (P.E.I.) I rise to a point of order. The hon. gentleman is doing now as he persists in doing whenever he replies to me; he is deliberately misrepresenting my statement. I never made such a statement. On the contrary I have always recognized that there are a very large majority of gentlemen on the other side of the House with whom I have the kindest social relations, and I know that they have just as much honesty of purpose as I have and as my hon. friends have.

Mr. FOSTER. The hon. gentleman has now stated his point of order, and I will leave it even to the very young man from L'Islet (Mr. Desjardins) to pass his opinion on that point of order from so old and wise and long standing a member of this House.

Some hon. MEMBERS. Take it back.

Mr. FOSTER. I will state what I stated before, that I never remember the hon. gentleman rising and making a speech in this House, without his attributing a lack of honesty of motive and principle to this side of the House. He did it to-night; he knows he did it, and he knows he always does it. He knows that when he puts the bridle on his steed and places his foot in the stirrups, he no longer has control of the steed; and if there is any question of public policy of any kind that is proposed and carried out from this side of the House, the hon. gentleman thinks that the best way to meet it is by impeaching the honesty and good motives of its supporters and so he denies that we have any desire for reciprocity on this side of the House. He says that our statement to the contrary is a sham and delusion, and he goes upon that assumption here as in the country. Now, if my hon. friend will take a little advice from one whom he esteems so highly, he possibly will allow me to say to him that he will get along better in this House, better in the world, and at greater peace with his own conscience, what there is of it, if he will just go upon the assumption that there is some honesty, some good motive, and some good principle in other breasts than his own.

Mr. MILLS (Bothwell). What is the Government plan for reciprocity?

Mr. FOSTER. I really cannot attend to the hon. member for Queen's (Mr. Davies) and answer the philosophizing musings of the hon. member from Bothwell (Mr. Mills) all at once. One at a time.

Mr. MILLS (Bothwell). What is the Government plan?

Mr. FOSTER. I will tell you the Government plan before I get through. The hon. member for Queen's (Mr. Davis), before reading an extract from a speech which I made in this House last year, commenced by stating that I had practically declared that there was no longer any hope of reciprocity being obtained from the United States of America. He went on to read the extract, and the extract simply bore out, what? It bore out this: That I said I saw no particular trend towards reciprocity in my reading of the sentiment of the United States; that from 1866 up to the present time we had been counselled to watch and wait; to go upon the assumption of waiting and watching to see whether or not the United States would not meet us with a reciprocity treaty; and I said that I thought the time had come, and fully come, when we should leave that position, and with the greatest courtesy and good-will possible to the United States, we should do our own fiscal legislating, in our own interest as we saw it from the standpoint of Canadians. That is all I said. That is exactly what I stated, and I think I am perfectly consistent in that respect. Since that time, Sir, a change has taken place, and on the invitation of the United States Government itself we are to send delegates on the 12th day of October to Washington to confer with Mr. Blaine and the President of the United States, and see whether or not we can have framed or formed a reciprocity treaty on the basis which we have set forth in our Order in Council, and which is as plain as it can be made. Now, Sir, having stated this much with reference to the hon. gentleman I leave him. I must, in the next place, say one word with reference to my hon. friend the leader of the Opposition. His speech was rich and in some respects rare—in its phrasing, in its fine dialectic points, if I may call them so, and in its glittering generalities; but when the hon. gentleman came down to the hard work of practical detail, I do not think I am going too far in saying that, in my opinion, his speech was not so strong as we might expect it to be, from the leader of the Opposition, and for the time being the exponent of the financial and trade policy of that side of the House. He declared that the Government were strong in assertion. He may apply some of that to his own side. I leave it to the judgment of this House, and to the judgment of the country who are looking to the sayings and doings of this House, if they put the speeches which hon. gentlemen have made on the trade question on this side of the House along with the speeches which have been made on the same question on the other side of the House, whether they will pick out more bare and unfounded assertions from those made on this side than from those made on the other side. It is not for me to judge of that; it will be for this House and the country.

The hon. gentleman has said that we went to the country with falsehood and deceit on our lips. That is a strong statement; but did the hon. gentleman back it up? He backed it up by no proof which would be satisfactory to this House or the

country. What was the statement with which we went to the country? It was embodied in the Order in Council, it was stated by Sir John Thompson and myself at our first campaign meeting in the city of Toronto, it was stated in the public papers and at other public gatherings, and the gist of it was this, that since 1866 negotiations had been carried on for reciprocity treaties between this country and the United States, but that from that time up to a few weeks ago there had been no showing by the people of the United States of one single favourable opening for the negotiation of such a treaty; but that within the last few weeks, in negotiations which were being carried on with the Island of Newfoundland, in which Canadian interests were very nearly affected, it had come about that Canada had made a protest against certain legislation, and that in the course of these negotiations a door had been opened by the Secretary of State for the United States himself, and an invitation had been given to Canada to send commissioners to Washington for an informal talk and conference with reference to a reciprocity treaty. That in sum and substance is what was stated; that in sum and substance is true; and I am not responsible, and the Government is not responsible, for amplifications of that statement which may be made. But that is the essential truth, and that truth is borne out by the papers which have been brought down to this House. After all, what does it matter whether the negotiation commenced in one way or in another? The whole point is that up to that time there was no door opened by the United States, that at that time the Secretary of State himself invited conference, that since that time the Secretary of State and the President officially have issued a formal invitation, and that on the 12th of October we are to send to Washington a delegation to negotiate, if possible, a treaty of reciprocity upon lines which may seem fair and just—on the basis laid down by the Order in Council which I have quoted here to-night. That is the simple question, and all other is quibbling. But if you wish to go back to that, I say that the bald statement made by the Government is true in every particular, and is carried out by the papers which have been brought down to this House. My hon. friend said that there was an old physician, living long, long ago, I suppose, who for every disease had but one remedy. I think he said that was bleeding; it matters not. That remedy he would call a panacea; and we know that what cures every disease that humanity is heir to is known by that name. Well, Sir, there is a doctor of that class abroad in this country to-day; he is a professor of unrestricted reciprocity. He sits not very far from me in this House, and about opposite to me. He has declared that the farmer is in a terribly doleful state to-day; that nothing will save him but unrestricted reciprocity. Mortgages are cropping up every year; nothing will rid us of them but unrestricted reciprocity. Taxation is heavy and high; the only hope is unrestricted reciprocity. This country is going to the dogs as fast as it can, and is now almost tumbling over the brink of ruin; save it by unrestricted reciprocity. That is what my hon. friend must have had in his mind, which called up the remembrance of the old physician of long ago who had but the one remedy, of bleeding for all diseases. But now, is it not dole-

ful to be told, after all these professors of unrestricted reciprocity have passed through the country exciting the popular sentiment against bloated monopolists, barbarous protection, relics of the middle ages, and worse, declaring that the body politic is diseased all through, and that the only help which can be given is unrestricted reciprocity—is it not sad and doleful to be told now that we must take this remedy in homeopathic doses, one little pill after another, and spread over a long series of years. Why, long before the medicine has had time to take effect the patient may die. We are told now that only one bar at a time of this Chinese wall that separates us from liberty and life must be taken down, and meanwhile what will become of the hungry and thirsty waiting ones? How absurd, after the preachings and predictions of the last ten years, to tell the mass of the people—even the majority by their own count, who are looking to them as the only saviours of this country, who are to snatch them from this policy of monopoly and ruin, that after all the treatment can only be applied in homeopathic form, and in very small doses at that. My hon. friend lapsed into scripture, and he made a quotation as to Paul at Ephesus preaching against the idolators and stirring up a certain political leader by the name of Demetrius, who was afraid that all the gain he got from making idols and such things would be taken away. My hon. friend went a little too far. Instead of crossing the sea to Ephesus, he should have stopped at Athens and listened to Paul preaching to the people of that great city; and finding that he could do nothing with them, because they had a temple upon which was an inscription, "to the unknown god." As was the case with Paul with the Athenians, so we here can do very little with hon. gentlemen opposite. They have that temple dedicated to the unknown god, and for the last ten years they have been trying amongst them to conjure up a name for that god so that they can place it in their temple under its proper designation.

Then my hon. friend talked for a long while about the power of consumption in this country not being equal to its power of production, and he thought that was a great evil and source of weakness. I hope that the power of consumption in this country will never become equal to its power of production. I certainly hope it will never exceed the power of production, because if it should, how would we live? I suppose it is the chronic condition of all great powers and progressive states that their powers of production exceed their powers of consumption. Now, the hon. gentleman says, as Canada has reached this stage—has it not always reached this stage—when its powers of consumption are no longer equal to its powers of production, a great want is felt, which the Opposition have discovered and that is outside markets to take away our surplus production. And then the hon. gentleman proceeds to treat the working of our policy. We have built up mills under it, and then following the mills came over-production, and then came the combines; and now there is but one way out of the difficulty. We must get rid of that lack of balance between production and consumption, and the hon. gentleman proposes that we shall do so by unrestricted reciprocity, by opening wide the doors between ourselves and the United States, because—whisper it softly—the United States are

a country where such a fatal calamity as that of over-production is unknown, where the powers of production do not exceed the powers of consumption, and if once we got there, we would become rich beyond all expectation. My hon. friend talks about woollen mills and cotton mills curtailing their production in this country. But has he never read the New England papers? Does he not know that there has not been a year in the last ten or twelve years, in which there have not been periodical stoppages of the spindles and the mills in the New England States, in order to bring over-production somewhere near to the consumption of the people.

Mr. MILLS (Bothwell). Hear, hear.

Mr. FOSTER. Yes, we will be wonderfully benefited. This country which has suffered under the dire calamity of finding its production exceed its consumption, will be wonderfully helped by going in with the United States where the powers of consumption are so great compared with their powers of production, that they are sending hundreds of millions of their surplus products, which they cannot use themselves, to the rest of the world, and products of the very same kind as those of which we have an over-production now. But I want to come down now, if I possibly can, to the very marrow and bone of the policy and procedure of hon. gentlemen opposite. They have two methods of procedure in order to get at the end they have in view. The first is to raise the cry of "wolf, wolf" in this country in order to frighten the people. They try to do that more than in any other way by attacking the National Policy, and once they raise this cry of fear and scare in the country they proceed to dangle before the people that homœopathic panacea, I am sorry to say, of unrestricted reciprocity as the only thing that can bring salvation to the woeful state of affairs which exists in their own imagination, but of which the people as a rule are blissfully ignorant. They attack the National Policy not knowing the strength and fibre of that which they attack. They imagine the National Policy affects merely a set of refiners, of woollen and cotton mill owners, and that when they attack the National Policy, this is the only class they have to deal with in this country. Sir, the National Policy in this country, is not restricted to any class. It has a triple cord of strength in it. The National Policy in this country, began to dawn when we got hold of the broad prairie lands of the North-West. It grew still fuller when we linked British Columbia and that great North-West country to the heart of Canada, with an iron band. It developed itself still more in 1878, when home markets and home production were helped by the introduction of a reasonable and judicious system of protection; and it saw its rounded fulfilment when the Canadian Pacific Railway was completed, and when our steam communications were provided, and our canal system perfected for internal communication. That is the triple strength of this National Policy. It is to be found in the development of the national resources of this country; it is to be found in the multiplication of means of transport for interprovincial trade, and in the creation of home industries and home production; and it is to be found in the extension of the traffic resulting from the production we have fostered at home by our National Policy, and which

overflows and seeks a market in outside countries. That is the National Policy. If you would find its monument in this country, you have simply to look to its results in the particular lines I have spoken of. Look to the Province of British Columbia, and you will find a country growing into new life, with its vast mineral wealth, its grazing lands and fisheries and its growing trade east and west. Look to the North-West which lay there a few years ago in its virgin uselessness, but which to-day, if crop reports speak truly, will send out to the hungry mouths of Europe 20,000,000 or 25,000,000 bushels of wheat and grain, a fact which would have been to-day impossible, if it had not been for the National Policy of the Liberal-Conservative party. You have to look for its results in our canal and railway system, with the vast interprovincial trade which flows and interflows from one part of this country to the other. Make a calculation, if you like. What advantage would a few millions of foreign trade amount to alongside of this immense interprovincial and local trade? How many families are there in the country? A million. How much do they consume per year? Would it be too much to say that each family and its belongings consume \$500 worth per year. That will amount to the immense consumption of \$500,000,000, and that is home consumption; and for all that there is coming and going along these great lines of communication of ours this ceaseless intercourse from section to section, this supply calling for demand and demand calling for supply. You have to look for it, Sir, in the multiplied and varied industries of the older provinces of Canada, where busy labour finds its daily wage, and the hum of wheel and spindle and anvil accompanies the transformation of our natural resources into the rich necessities of our daily life, and the steady accumulations of national wealth. That, Sir, is the National Policy and that is what hon. gentlemen fight against, what they beat against in vain, and what will find its constant defenders in the intelligent electors of this country. Now, let us see what this boasted panacea is; let us come down, if we can, to a close examination of unrestricted reciprocity, and I ask my hon. friends opposite in all candour and earnestness to correct me when I give a wrong definition of what unrestricted reciprocity is. I have sat for fifteen days listening more or less to this debate. I have honestly tried to get at and to frame upon this paper a fair definition of unrestricted reciprocity as it is stated by hon. gentlemen opposite. I may not have been successful, but I will essay to define what I understand to be unrestricted reciprocity, and I will take it as a favour on the part of hon. gentlemen opposite to correct me if I am wrong in my definition. Reference has been made to the change in dress. We may have asked before what unrestricted reciprocity was, and we may have considered that it was a more or less unreasonable proposition; but hon. gentlemen opposite, in the amendment which they proposed as the antidote to our policy, have made it infinitely more absurd and inconsistent than it was before. We find that they have added a rider to it. Why did they add that rider to it? There may have been two reasons. There may have been some restive members of the herd, and this rider may have been added in order to prevent their jumping the enclosure; or they may have thought that, in the bye-elections, it would be convenient to

have something put forward by them in Parliament which might mean anything or nothing as they chose to interpret it to the electorate. What is this rider? It proposes to abolish or to reduce the duties on all the necessities of life which enter into the consumption of four great classes in Canada. Through all the utterances of the hon. gentlemen opposite, there has been a reprobation, keen and constant, of any duty on the necessities of life. Every breath which has come from the opposite side has been laden with denunciations of that class of duty, and if the hon. gentlemen had carried the resolution for which they have voted what would it have meant? Nothing less than a total abolition of the duties on the necessities of life which are used by these four classes of the people. To that policy hon. gentlemen are pledged, and that they can easily carry out if they get into power. They pledge themselves to unrestricted reciprocity. They do not know whether they can carry that out or not. That depends on the will of another country. But this depends simply upon themselves. If they get into power, the first thing they will have to do is to take off the duties on the necessities of life, whether they get unrestricted reciprocity or not. What will that mean? The moment these gentlemen get into power they take off the duties on the necessities of life. What is the result? They go to the farmer, for whom they profess so much solicitude, and they say: We do not like these duties on the necessities of life, and therefore, according to our policy and according to our convictions, we immediately take away the duty on wheat, and we say to you who raise wheat in the North-West, to you who raise wheat in Ontario, to you who raise wheat in Quebec, to you who raise wheat in any part of this country, that the American can bring his surplus wheat into this country free of duty, but, when you take your wheat into the American market, you will have to pay a duty of 25 cents on every bushel you take over there. That is their policy. They desire the good-will themselves of the farmers. This is their commendation. They say, we do not believe in a duty on the necessities of life. Then the duty must be taken off flour, that is to say, that the milling industries which are fed by the farmers will have the protection taken off their flour, and the American miller can place his flour of all grades free in our market, while our millers will have to pay \$1.20 on every barrel they send into the United States. Then they would go to the coal miners of Nova Scotia and New Brunswick, to the coal miners of British Columbia, to the coal miners of the North-West, men who toil down in the depths of the earth and by hard blows struck in dangerous places make their living and raise these coals to the surface for the production of heat and motive power, and they will say: Toil on and toil on, and, when you have raised your coal to the surface, we will put American coal by the side of it free of duty; but, when you take your coal into the United States you will have to pay 75 cents on every ton. That is the hon. gentlemen's solicitude for the miners of this country. They will go to the hardy fishermen of this country, and they will say: We have love for you, we have said many brave words for you in Parliament, but we believe that the food of this country should be free; you may catch your fish and send it to the United States and pay 1 cent or 1½ cents or ½ a cent duty on it, but the American fishermen may place their fish free of

duty in the Canadian market. They will go to the pork raisers in Prince Edward Island, from which my hon. friend (Mr. Davies) comes, and who does not remember that wonderful acrobatic feat of his but a year ago? We have heard something about acrobats in this debate, but here was a free trader who raised his voice constantly against the monstrous tariff and the barbarous system of protection inaugurated by this Government, and yet who went strongly against my hon. friend from Charlotte (Mr. Gilhmer) who is an honest free trader and would stand by free trade though every fisherman and pork-raiser in the County of Charlotte went against it; and the hon. gentleman from Prince Edward Island said: I am a free trader on principle, but when it touches my county, I want protection on pork, not 3 cents, but 6 cents per pound. They will go to the pork-raisers of the east and west, and give them the gratifying intelligence that while American pork can come in here free of duty, that for every pound of pork they send into the United States they will have to pay 2 cents. They will have to tell them that bacons and hams will come in here free, but that our bacons and hams going into the American market will have to pay a duty of 5 cents a pound. And so on all through the list. Let me commend this to hon. gentlemen opposite. They have to go to the bye-elections this fall. They have to meet the electorate, and many of them represent agricultural counties. Let them call the farmers together in those counties and say: This is the policy of the party which I support, I am pledged to take off the duties on the necessities of life, and the moment we get into power we will take off those duties, but at the same time while United States wheat, flour and beef and pork and bacon and hams, potatoes and butter and cheese come in to compete with you free in your own markets you shall not get a pound of all these products into the United States' market without paying almost prohibitive duties. This policy, Sir, is not even a jug-handled policy—no, it is a policy which is all handle and no jug to it at all. I ask hon. gentlemen opposite to think how they will be able to make such a policy acceptable to the electorate.

But there is a still more absurd phase which has been already alluded to. You take the duties off the prime necessities of life, and then you go to the United States of America and you say to President Harrison and Mr. Blaine: We want to sit down with you and make a treaty with you. Yes? We want you to let our products into your country free. Yes? And in turn we will give you advantages in our markets. Then comes the question: What are the articles which you propose to let into your country free? The answer will be, pork, wheat, beef, flour and so on. But it will be said: You let them in free now; we have all we want now, and without giving you anything therefor. If that is their policy and if that is carried out, they cut the ground from under their feet and take away the only inducement they have to offer to obtain reciprocity from the United States. That cuts the ground from under their feet in regard to natural products. My hon. friend from Queen's (Mr. Davies) has already cut the ground away in regard to manufactured goods coming from Great Britain. Then there is nothing left. Ignominy and defeat would be nothing compared to the reception which would meet any set of

men who would go to Washington to negotiate a treaty on such a basis as that.

Now, Sir, let us ask what unrestricted reciprocity is? What it was, is now no longer the question; what it is, is the burning question, and what it was and what it is, are two things very different. May I be permitted to define what it is, and will my hon. friends recall me quickly to the right path if I step out of it in the way of definition? When you get unrestricted reciprocity you will have freedom of intercourse between the United States and Canada in all natural products of each country. I am right in that, there is no doubt about it. All the things that are grown in the United States of America will come into Canada free; everything produced in Canada as a natural product will go into the United States free. That is the first principle, we are all agreed on that. Secondly, all goods manufactured from what is grown and produced in the United States will come into this country free; all goods manufactured from what is grown and produced in this country will go into the United States free—there is no doubt about that. I will go one step further to make my definition more clear. All foreign products or manufactures will come into each country subject to the tariff of that country. Those going into the United States will pay the United States' duty; those coming into Canada will pay the Canadian duty. There can be no doubt at all on those three statements. Natural products free both ways; all manufactures from natural products of the two countries, free both ways; all foreign goods, whether natural or manufactured, pay the duty each country imposes upon them. Here is where my doubt arises. Suppose that we do not grow a certain thing in this country, do not raise it, do not make it, such, for instance, as tin-plate—

Mr. MILLS (Bothwell). Cotton.

Mr. FOSTER. Such, for instance, as cotton, to take the nearer object to my hon. friend. We do not grow cotton in this country; it is therefore not a product of Canada. When that comes into Canada, not being a product of Canada, can we take it and make it up in our manufactories and take it across the border free of duty? I ask my hon. friend to set my harassing doubts at rest upon that point.

Mr. LAURIER. If the hon. gentleman will only look at the different treaties negotiated between civilized nations, he will have no difficulty at all in solving that question.

Mr. FOSTER. That is just about the definiteness that I expected in the answer of the hon. gentleman. I wished, however, to give him a chance to make a clear and honest declaration upon this subject, for once in his life, and he has failed to do it. Let me take that definition of his before the honest elector of this country, whether he is in city or country; when he puts that question to me, as he will and must, if he does his duty to himself and to his country, and I shall have to answer him: Sir, I cannot tell you; but I asked the originator of the scheme, the great physician who is to administer this wonderful panacea in homeopathic drops—I asked him before the high court of Parliament, in face of the whole country, and he had no answer to give, or he would not give it if he had, except this: You will have to look, my

dear farmer friend, my dear artizan friend, to the treaties which have been passed between civilized nations.

Mr. LAURIER. The hon. gentleman knows that the question he puts to me is a matter of agreement. It is a matter of agreement, and it is impossible to say upon such a question of detail, what the agreement will be or will not be. That has to be decided by both nations.

Mr. FOSTER. What is the position the hon. gentleman proposes to take on that class of materials?

Mr. MILLS (Bothwell). How does the hon. gentleman propose to work out his own theory?

Mr. FOSTER. From whichever leader I ask the question, I cannot get an answer.

Mr. McMILLAN. If you go to Washington what position will you take?

Mr. FOSTER. The same indefiniteness which marked the campaign for unrestricted reciprocity from the time it commenced last year until it closed, still continues in the House. I thought when we came to Parliament and brought the men face to face with us, with an honest desire to make clear before the country what they proposed to have the electors vote upon, I thought we should get down to a firm, clear definition that would leave no man in doubt. But the same game is to be played on this point that was played on the point of discrimination, that was played upon my hon. friend from Huntingdon (Mr. Scriver), who is so quietly resting in his chair yonder. The hon. member for Queen's (P.E.I.) said to-night: It has always been known that unrestricted reciprocity implied discrimination. The hon. gentleman from Huntingdon did not know it—did not know it after the election was through, and I do not know whether he knows it yet. But I know he has heard the declarations from his own leaders, and if he does not know it, he ought to know it. I am looking with interest to see how he will vote on this resolution. Discrimination was held up in this uncertain way, now dangled down and now dangled up, and with what effect? That in the city of St. John the lights and leaders of the Opposition party publicly and privately declared to the people, on the hustings and in the shops, that there would be no discrimination against England. In just the same manner direct taxation is being dangled before the country, and will be, I suppose, as long as this fad is in vogue, although down in the Maritime Provinces we had men declaring everywhere that no direct tax would be put on this country. A few days ago we heard the hon. member for Iberville (Mr. Béchard) declaring, in his sturdy, honest way—and I honour him for it—that the party which makes direct taxation one of the planks in its platform, signs its political death warrant. And yet, Sir, I ask that hon. gentleman if he has found in the preachments and predictions of hon. gentlemen opposite during this whole debate, one single word of comfort to his harassed soul; have his leaders pointed out to him any possible way by which the vast amount of revenue that must be lost, can be made good without resorting to direct taxation? But, Sir, I am off my track. I knew I should not get a plain answer to my question. I must come back to the subject of cotton and wool, and as my

hon. friend will not give me a direct answer, as he parries that question, let me show him what it means. It will be the one thing or the other, I suppose. Either cotton, not being a product of Canada, can be manufactured here and go free into the United States or it cannot. In either case what will happen? I will first reason on the assumption that a product of another country, when it comes into this country, cannot be made up in our manufactories and then carried into the United States market free of duty. What will happen if it cannot? You will have the most one-sided free trade and the most one-sided reciprocity that I ever heard of being put before any people.

Mr. ALLISON. Could we not get a set-off to this article? Do we not allow the Americans to get lumber from this country and manufacture it into machinery, and send that machinery back here now?

Mr. FOSTER. Yes, and we tax it.

Mr. ALLISON. Could we not do it just as well if there was no tax?

Mr. FOSTER. Yes.

Mr. ALLISON. So cotton could come here and be manufactured and carried back there, just as well as timber can be manufactured there and the product brought back here?

Mr. FOSTER. I see that my hon. friend must soon be promoted to a front seat. My hon. friend is at least honest in his desire to impart knowledge. He at least gives what he thinks is a true solution. The difference between timber and cotton, however, is that both countries grow timber, and only one country grows cotton. Now, I am putting this proposition. Products that are not native to this country coming in here and being made up, will not pass free into the United States of America; products not natural to the United States of America, coming into the United States, will not be made up and pass free into this country. What will happen? Again, an astonishing one-sidedness. We raise no cotton, they raise cotton in the United States. Put on unrestricted reciprocity; and if this is the condition, what happens? That every cotton mill in this country will at once shut up. Why? Because the cotton is a native product of the United States; they will make it up in the United States mills, and it will come into this country free. It is not a native product here; it must be brought here and made up in our mills, and when our cottons go to the United States they will meet with duties equal to 40, 50, 60, or 75 per cent. That is what will happen. Take the article of wool. The wools raised in the United States and in Canada are not sufficient for either country, and they have to be imported here very largely. In the United States there is, however, a large wool production; in this country there is a small wool production. The producer of wool in the United States makes it into woollen cloths, which will come into this country free. We make up wool, which we import from a foreign country, as we have to import it, and when our wool manufacturers take their goods to the American boundary they will be met by a tariff running up to 150 per cent. or more. That is a beautiful kind of reciprocity. Take the tobacco trade. The United States raise a great variety of tobaccos, and of good qualities. The Americans manufacture tobacco, it being a

product of that country, and it will come into this country free. We raise some tobacco, but not nearly sufficient. It is brought in here as a foreign product; it is made up here, but it will be met on the American border by a prohibitory tariff of \$2.75 per pound. I could easily go through the catalogue. That would be a fine kind of reciprocity; that would not only not be unrestricted reciprocity, but it would be the most one-sided proposal that any party or any man has ever submitted for the approval of the intelligent electors and asked their support for it. I take now the other side of the question, that these products of other countries coming in here raw, afterwards pass as our manufactured goods free into another country, each side to hold control of its own tariff. What would happen? Take tin-plate. The United States duty, which is now in force, is 2½ cents, a prohibitive duty and meant to be so. They are endeavouring to make tin-plates out of their own ores and are seeking to build up that manufacture in their own country. What will happen? All we have to do is to import tin-plate free, as it is to-day on the free list, and we can manufacture the tinware for the United States in spite of any competition. Will the United States agree to that? And so you may take article after article on that side of the argument. Whichever horn of the dilemma you take, you are, on this ground of control of the tariff, led into a difficulty from which no hon. member on the other side has attempted to relieve us, and which no one has attempted to explain, and which I believe is beyond the bounds of practical statesmanship. Let me go one point further. If we had control of our own tariff, how can the United States be sure of any compensation for any treaty it may make? If it makes a treaty with us for unrestricted reciprocity, the Americans will look over the list and say: We will get entrance to the Canadian market with great advantage to our manufacturers, because they have a tariff against outside manufacturers; we will consequently gather, if we have no duties to pay, the largest part of that trade in manufactured products; we will give Canada in return certain advantages by way of compensation. The treaty is made and goes into force for 10 years. We have control of our own tariff. Immediately we take the duty off hardware. What *quid pro quo* does the United States obtain on manufactured hardware in this market if we, having control of our own tariff, take off or lower the duty on British hardware? The United States is robbed of the advantage they expected to derive by our allowing their manufactures of hardware to come into this country free of duty. The United States would be arrant fools if they were to make a treaty with us, the fundamental principle of which was a certain compensation for their manufactured goods, then give us control of our own tariff, as at present, so that, if we wish, we could let in British manufactures or those of other countries free or at very low duties, and take away every coign of vantage which the United States had expected to secure from this country. It would not be honest treatment, it would not be proper treatment, and the United States would never make a treaty upon lines which could leave such a course open to us.

Mr. MILLS (Bothwell). It is so good you are opposed to it.

Mr. FOSTER. I am talking simply of the proposition of hon. gentlemen opposite. Let me ask

the attention of hon. members to some figures. The imports of hardware from the United States last year were of the value of \$4,900,000. The value of imports of similar goods from other countries was \$5,600,000. What was more fair than for the United States in making a treaty of unrestricted reciprocity to say: We sent \$5,000,000 of hardware to Canada last year; that country obtained \$5,500,000 worth from other countries besides; let us in free of duty and we will take the hardware market. But we have control of our tariff, and we will let other countries in on the same terms as the United States if we please, or we will lower the duty nearly to the notch of nothing, and the United States so far from getting its \$5,500,000 more from hardware will get nothing or next to nothing. So you may go through a long list. With respect to raw material, I have already taken that up and dealt with it. What I want to point out is this, and I ask hon. gentlemen to gainsay it if they can, that a fixity of tariff is the essential condition of any treaty of reciprocity, unrestricted or not, and for the period that treaty exists a tariff must be fixed at the first and must be kept to the last, except upon mutual understanding and agreement of both parties; and there is no possible means of obtaining a reciprocity treaty outside of that. I say more. The very moment my hon. friend the leader of the Opposition stated here, so differently from what he is reported to have said in the country, that we are, as a fundamental point in unrestricted reciprocity, to keep perfect control of our own tariff, that very moment he read his whole case out of court in the United States. Every paper hon. gentlemen opposite have quoted, every statesman they have called their ally, and every public man who has deigned to notice the proposals of hon. gentlemen opposite, has made it a fundamental condition of considering the proposition that there shall be a uniform tariff made by common consent. I go further than that. I will ask hon. gentlemen opposite, who are good at quoting, to quote one single statement, one single resolution of a board of trade, one single utterance of any newspaper which will give them warrant for saying that, with the tariff under the control of this country, they can get the slightest shred of public opinion in the United States in favour of their proposition.

Mr. MILLS (Bothwell). What are you going to do?

Mr. FOSTER. I am criticizing what the hon. gentlemen opposite think they are going to do. When this question came up the *Halifax Chronicle*, the organ of the party in Nova Scotia, and the *St. John Telegraph*, the organ of the party in New Brunswick, came out flat-footed against the proposition of adopting an uniform tariff and having the United States fix it in common with this country, and said "we must keep control of our own tariff." What said the *New York Tribune*? Taking up that point, this influential Republican paper and organ of the party said:

"It [the *Halifax Morning Chronicle*] argues in favour of unrestricted and absolute reciprocity between Canada and the United States, with each country at liberty to adopt such tariff as it may prefer, and represents this, and no more than this, as the deliberate purposes of one party in the Canadian contest. If this is the fact, one party of Canadians closely resemble the baby which cried for the moon and got into a rage because the moon would not consent to be grasped. This nation has not the slightest notion

of allowing Canada to open the back door as wide as it may please, while tariff enactments by the United States are closing the front door against sundry importations at New York and Boston. If any one is silly enough to suppose such a plan is entertained by Americans, he does not live in this country. All such representations may as well be put aside as utterly and widely at variance with anything Americans can possibly be brought to adopt."

Sir, the latest declaration by the hon. leader in this House, an authoritative declaration, recorded in *Hansard*, taken down by an English reporter, and placed where it can be revised, stands, and cannot be contradicted, and the fundamental position is this: The control of their own tariff in their settlement of unrestricted reciprocity. To-day they have read their case out of courts in the United States of America; they have no longer the shred of a warrant for supposing that it will meet with any acceptance there. Now, Sir, what does this unrestricted reciprocity involve? I am going now to take up the arguments of my hon. friend opposite to me (Sir Richard Cartwright). It involves several things. First, it involves discrimination against England. There is no necessity for my going into that point, for it has been well gone into, but I wish to read what is the definition of this given by my hon. friend from South Oxford (Sir Richard Cartwright). He has spoken out plainly, he has made all his arguments in favour of discrimination, and then he declared:

"We do not propose to discriminate against Great Britain *per se*, but we propose to enter into a treaty of commercial relations with the United States, whereby certain privileges will be given by Canada to the United States, and by the United States to Canada, against all the world."

The hon. gentleman has been bolder; he has stated in this House in less equivocal language, he has declared the same in the county that they do intend to discriminate against Great Britain. Now he puts it in the negative way; but what child's play. What is the use of putting in *per se*—saying on one hand that he does not intend to discriminate against Great Britain *per se*, and saying in the same breath that he intends to give the United States advantages against the rest of the world, including Great Britain. Most certainly, discrimination is to-day nailed upon the topmost fold of their flag. They intend then to discriminate against Great Britain. Now, I want to ask the hon. member for Huntingdon (Mr. Seriver), who devoted some attention to me a little while ago, who tried to make me out very inconsistent upon the temperance question; I want to ask him now what he proposes to do about it? My hon. friend cannot plead ignorance any more. There is his leader, and he has heard his leader's statements to-day; there is his financial leader (Sir Richard Cartwright), and he has heard his statements the other day; there is his co-worker (Mr. Davies), and he has heard his statement to-night, to the effect that they will discriminate against England; and here is the statement of my hon. friend (Mr. Seriver) read before the electors of the County of Huntingdon, after the smoke of the battle of the 5th March has passed away, and he said then:

"Leaving the electoral lists, I take up the issues upon which the election is being fought out, and find the main question to be one of trade—that of reciprocity. Persistent efforts have been made to misrepresent the position of Reformers with regard to reciprocity, it being alleged we were willing to consent to a free exchange of commodities with our neighbours on conditions none ever pledged themselves to, never declared, and do not now. We do not seek, nor will we consent, to reciprocity on the

terms our opponents allege, namely, uniformity of tariff and discrimination against Great Britain. You will not find in any announcement of principles by the Reform party that it ever proposed to accept the American tariff as the price of reciprocity. And I am free to say, that had the Liberals gone into power and negotiations been opened Reformers would never have consented to accept reciprocity, if doing so entailed placing Canada under the American tariff or discrimination against the mother country. Liberals are just as loyal as their opponents, and will consent to no act of injustice to Great Britain, and any arrangement that may be made with the United States will render our markets as accessible to the mother country." Now, I have read this as the statement attributed to my hon. friend from Huntingdon (Mr. Scriver). He rises in his place, and he can say whether that represents his convictions or not.

Mr. SCRIVER. It did fairly and fully; and it represents my views now.

Mr. FOSTER. My hon. friend is related not very far back to my hon. friend from Charlotte (Mr. Gillmor). They come from the same kind of stock; they get up and state exactly what they mean, and in doing so they cut themselves loose from this hour forward from the policy of unrestricted reciprocity, as defined by the hon. leader of the Opposition, as defined by the hon. gentleman from South Oxford (Sir Richard Cartwright), as defined by the leader from the Maritime Provinces—I speak with bated breath in the presence of my hon. friend from Guysborough (Mr. Fraser)—the member for Queen's, P.E.I. (Mr. Davies.) Now, then, we will be anxious to see what the hon. member for Huntingdon (Mr. Scriver) means to do about it. Will he be inconsistent? Will he swallow his expression and his opinions, and vote for discrimination against the mother country on the ground that we have a perfect right to, and that if it hurts the mother country, so much the worse for the mother country. Well, we will see, we will see.

Mr. SCRIVER. Yes; you will see.

Mr. FOSTER. Now, Sir, I wish just to note one argument of my hon. friend from South Oxford (Sir Richard Cartwright). He says upon this question of discrimination: Your tariff discriminates against Great Britain to-day.

Sir RICHARD CARTWRIGHT. So it does.

Mr. FOSTER. My hon. friend says, so it does. When the hon. gentleman from Queen's (Mr. Davies) stated that it did discriminate against Great Britain I said it did not. I said it almost with bated breath, but I managed to pluck up courage enough to say it, and he replied that I would deny anything. My hon. friend from South Oxford (Sir Richard Cartwright) says it does discriminate. Now, it depends entirely upon his point of view, and I know exactly what his point of view is, but I mean to say this: that we are men and not children, and that we ought to talk about facts and not quibble about words. I say to my hon. friend that the difference between the two policies is simply this: When an exporter of hardware from Great Britain brings his goods to a port in Canada, and an exporter of the same class of hardware in the United States brings his goods to the same port, under the present tariff, both are on an even scale and pay exactly the same duty. But I say, that under this policy of unrestricted reciprocity, if a British manufacturer of hardware comes to the port of Halifax or Quebec, and enters his hardware, he will pay a duty of 20, or 30, or 40 per cent., and when an Ameri-

can comes over with the same class of hardware he gets it into the markets of this country without a cent of duty. That is the difference. You may quibble about discrimination as long as you like, but that is the common sense view, the view that this House will take and the view that the country will take. There is no discrimination in our present tariff *per se*, to borrow a word from my hon. friend; the same classes of goods, come from where they may, pay exactly the same duty. You may just as well say that we discriminate in favour of the West India Islands, because the West Indies, geographically and economically, are situated so that they do not send to us manufactured goods, but raw materials, the most of which we let in free. But that is simply quibbling; the main, honest position is what I have exactly stated with reference to this policy. Now, then, Sir, we come to the question of loss of revenue; and if there was anything that would make one consume himself with laughter it was the way in which my genial and eloquent friend, the leader of the Opposition, treated this question of loss of revenue in his speech to-day. What did he say? Well, he says: Now come to revenue, which is the sticking point in this question, especially with the Minister of Finance; how much will we lose? \$8,100,000 he says; these are the duties from the United States. Well, he says, suppose we do lose that; will there not be so much taxation saved to the country? Certainly there will, but how does that help the loss to the revenue? What we are talking about is not the saving to the people, but how you are to make up the loss of the revenue. Then, he says, a part of the English taxes we lose, and how does he make up for that? By the fact that the people will be richer than they were before. How will that help the revenue if they buy more goods which come in free and less goods which are highly taxed? But I must come to my hon. friend from South Oxford to get at the beauties of this argument. To the question as to how the loss of revenue is to be made up he answers: Use your surplus. The hon. gentleman knew, when he said that, that by my own calculations given in this House, the surplus of this year will be *nil*, or almost *nil*. He knows that we have taken off \$3,500,000 of taxation and put on only \$1,500,000, and I propose to make ends meet by economy; and that is all. When my hon. friend said: Use your surplus for a part of the loss, he knew at the moment that there would be no surplus to use in making up the loss of revenue. Then, he says we will not spend \$1,400,000 in keeping up railways and canals. Well, we do not spend that much. I can take no meaning out of that remark but this, that if you take the expenditure on canals and railways for maintenance and running expenses and compare it with the revenue there is a deficit of \$1,400,000; but such is not the case: the whole deficit is less than \$900,000, and the hon. gentleman would economize by putting the figure of the actual deficit at \$500,000 more than it is and saving the imaginary deficit. Then my hon. friend says, we will not spend \$1,000,000 for Indians. We will not? Then, we will repudiate our treaties with our Indians and the fair and reasonable expense for them. Let me tell this House that the country will watch with great care and scrutinize keenly the policy of any gentleman or party who propose to deal in a niggardly fashion with the Indians, once the owners of all this great domain and all the enormous

resources of the country, and now the wards of the nation, and will expect them to be treated in an honourable and generous way. I challenge the hon. gentleman to look after the Indian bands throughout the country and observe treaty rights, and do it on much less than \$1,000,000. Then, he says, we will not spend \$1,000,000 on the Mounted Police. There is another peculiarity of his finance. We spent only \$750,000 last year, and the hon. gentleman puts the expenditure at \$250,000 above the actual figure, and by such a simple expedient he proposes to make up the loss of revenue, a very easy method, but presenting practical difficulties which even he may find it hard to meet. Again, he says: You can do what you have just done; you have put \$1,500,000 of taxation upon malt liquors, tobaccos and spirits and you can make up for loss of revenue by a further increase of the Excise taxes. My hon. friend is going to have unrestricted reciprocity. Is he going to have unrestricted reciprocity in beer, in spirits and tobacco, or not? Is he going to cut off these great branches of trade, or have unrestricted reciprocity in them? One thing or the other. If he is going to have unrestricted reciprocity in them he will lose a deal of revenue instead of gaining; and if he is not going to have unrestricted reciprocity in them, I ask him how much more Excise he can put upon those articles? The Excise duty to-day is very much higher than is the similar Excise duty in the United States. We stand to lose in the Excise duties under his scheme rather than to gain. So I suppose I have taken away the resources of my hon. friend the leader of the Opposition, who was going to avail himself of these means of making up the loss of revenue. Then, he says we can economize in many other ways, but he does not specify in what respects. But his important argument is that we will be richer. Grant that I am worth \$5,000 this year and that I will be worth \$10,000 next year; when the same class of goods are placed before me, one having no duty upon it and the other having a duty, am I, just because I am a rich man, going to buy the goods on which there is a duty, instead of buying what I can get to the best advantage? That would be well, provided the hon. gentleman made a law that the rich people must purchase a certain proportion of the manufactured goods on which heavy duties were imposed: but if that were done, what would become of that old adage of his that we should buy in the cheapest market and sell in the dearest. But I want to ask one more question. The hon. gentleman stated, and I have it here in black and white, that what the country will lose will be \$8,000,000; what the people will gain will be \$16,000,000. My hon. friend cannot get away from that statement.

Sir RICHARD CARTWRIGHT. They will gain more.

Mr. FOSTER. I will not quarrel with the hon. gentleman as to what they will gain. The question is what we shall lose in point of revenue, and the hon. gentleman says it is \$8,000,000. Now, my hon. friend is too old and experienced a financier not to know that he will lose more than \$8,000,000. Let me tell him what he will lose. He will lose \$8,220,000 on United States imports alone, on a parity of the imports of last year. He will lose the duties paid on all goods from other countries, which will no longer come when there is a duty against them, while the same classes of goods

come from the United States without any duty at all. I hold in my hand a statement of all the imports for the year ending 30th June, 1890, and what do I find? I find that in manufactures of brass from the United States we imported \$340,000 worth, and from other countries \$120,000 worth. Let the American brass manufactures come in free and put a duty of 35 per cent. against all other countries, and how much of the dutiable articles will come in competition with the free articles of the same class? Does not my hon. friend see that he will have to lose the major part, perhaps all of that? Take the article of buttons. We imported from the United States \$80,000 worth, and from other countries \$198,000 worth. Let the buttons from the United States come in free and keep the duty upon buttons from other countries, and a large proportion of that import will cease. Take cotton manufactures. Last year we imported from the United States \$748,000 worth, and \$3,214,000 from other countries. Keep your duty of 50 per cent. or so against the manufactures of other countries, while those from the United States come in free, and I want to know how much duty-paid cotton importations will come into the country. And so you may go through the whole list, and you will find, when you come to the end of it, that from articles brought from the United States and articles brought from other countries, equal classes of manufactures in the main, we get duties equal to \$8,000,000 from the United States, and equal to \$15,750,000 from other countries; and I take the calculation as a reasonable one, that if we adopt unrestricted reciprocity, if we keep up our duties against other countries but abolish them as regards the United States, we will lose at least two-thirds of the duties we now collect on goods coming in from Great Britain. That is \$6,000,000 we will lose on duties in connection with our trade with Great Britain. On goods from other countries, besides Great Britain, we collect duties amounting to \$6,210,000. We have already dropped a third of these by striking off the sugar duties. We will drop at least \$1,000,000 more, and that would leave only \$3,000,000 from that source, leaving to be got from the entire duties, under this calculation, and I am prepared to trust it, a total of \$18,000,000 under unrestricted reciprocity. I invite my hon. friend to answer that.

Sir RICHARD CARTWRIGHT. It is too childish to answer.

Mr. FOSTER. I invite my hon. friend to show how he proposes to put a high tariff wall against other countries and let in goods free from the United States, that great manufacturing country, and expect to get the same duties on our importations from other countries which we do now. We would not get the same amount of duties, or anything like. Sir, the hon. gentleman will have then a revenue of about \$18,000,000 on the present scale of duties. What has he to meet? He will have to meet interest charge and sinking fund, which are as unalterable as the laws of the Medes and Persians, if we do not intend to repudiate, amounting to \$11,800,000. He will have to meet provincial subsidies, which are now \$4,000,000, but which will be \$6,000,000, after hon. gentlemen opposite get through one winter's legislation. Because, Sir, talk as you may about being tied up or owned by a chattel mortgage or anything of that

kind, the hon. the leader of the Opposition has pledged himself to Mr. Mercier, and he stands or falls by his pledge in Quebec, and his party stands or falls with him on this pledge, he has pledged himself that when he obtains power in Ottawa he will add \$2,000,000 to the provincial subsidies; and this is not the assertion of a newspaper, but the deliberate statement of the leader of the Opposition, made this session from his seat on the opposite side of the House. He will have to meet for collection of revenue, which is almost entirely for the railways and canals and post offices, which, I do not suppose, he intends to skimp, \$9,000,000, making a total of \$27,000,000 required to meet costs and charges which cannot be escaped; and all he will have to meet them with is \$18,000,000 revenue. That leaves him with a deficit of \$9,000,000. And then what has he to face? He has to face the Indian expenditure, which is about \$1,000,000; the Administration of Justice, which is about \$700,000; Civil Government, \$1,300,000; Legislation, \$932,000; Penitentiaries, \$350,000; Militia, \$1,300,000; Police, \$750,000; Lighthouse and Coast service, \$500,000; Immigration, etc., \$300,000; Public Works, \$1,500,000. Public works he may reduce by skimping these works, but if he attempts to do that he will have the hon. member for Brant (M. Paterson) to reckon with, because that hon. gentleman warned us that we were not going to get any quarter or credit on account of any economy we might effect in reducing the public works of the country, which must be necessarily carried on. Ocean and river service, \$400,000; Fisheries \$320,000, making a total of \$9,500,000. Add that to the deficit and we find that makes \$18,000,000 which he will have to make up.

Sir RICHARD CARTWRIGHT. Hear, hear.

Mr. FOSTER. My hon. friend can call "hear, hear," until doomsday, but I ask him to set himself down to the work of practically disproving this calculation. Let him show by any process of practical calculation how anything else can take place under his plan. I ask the hon. member for Iberville (Mr. Béchard), who has given this House his convictions with reference to direct taxation, to look into that question and to ask his leaders, before he follows them any longer in this policy, how they are going to make up that deficiency of \$18,000,000 without resorting to direct taxation? Direct taxation—it is in the air, and if it is not in the air, there is a practical necessity stronger than the fates of old which sat relentless above the will of men and gods, which will drive them on to direct taxation in spite of themselves if once they adopt unrestricted reciprocity. There is no other way to meet the deficit that is bound to occur. Let them put a higher tax on manufactured goods, and see how that will work. Every ten per cent. they add, say on hardware coming from Great Britain, while they allow hardware from the United States in free, will simply raise the wall of prohibition against English goods still higher, and prevent their importation to the advantage of the American manufacturer. There will be no door open out of the difficulty but direct taxation. My hon. friend from South Oxford has stated over and over again that nothing but the incomprehensible stupidity of the people of Canada prevents them from adopting direct taxation.

Sir RICHARD CARTWRIGHT. Hear, hear.

Mr. FOSTER. My hon. friend very smilingly and earnestly gives in his adhesion to this principle, but the people of Canada, under the training of hon. gentlemen opposite, are not going to remain incomparably stupid all these years. They will become educated; but I wish to ask the hon. member for Iberville what he thinks now of the hon. and gallant knight who cries "hear, hear" in echoing the sentiment which dubs that hon. gentleman and those who do not believe in direct taxation in this country as incomprehensibly stupid. Surely I count in vain on the independence of the back benches on the other side if I do not see in this and succeeding votes these worthy men, the men from Huntingdon (Mr. Scriver), and Iberville (Mr. Béchard), and Charlotte (Mr. Gillmor), rising up and denouncing this discriminating, this direct taxation-breeding policy, which is fathered by the leader of the Opposition and the men in the front benches. Leaving that subject for a moment, let me go one step further. After having taken up so long the time of the House I must bring my remarks to a speedy close, but I wish simply to direct public attention to this incomprehensible muddle of a policy, incomprehensible even to the leader of the Opposition himself—so incomprehensible that when a fair question which a child might ask and any person might answer, was put to him, he had to take refuge behind a stilted, stultifying phrase about treaties between civilized governments, in order to conceal his lack of knowledge or lack of candour, and such a policy is the best outcome of four years of their best political thought and genius. We have weighed these gentlemen in every balance necessary, and the country has weighed them. They had a period of maintenance and administration, if you choose, and in the five years of their administration what happened? Taxation was heaped up by \$3,000,000 and more; revenue went down; trade went down; the trade prospects of the country grew duller each year; surplus faded away into deficits; the public debt grew apace, and the whole financial and commercial body politic was sick and diseased throughout. These hon. gentlemen could find no other resource in their brilliant and administrative genius than to simply say we will pile on the taxes and trust in Providence. That was their period of administration. They were weighed and found wanting. They have another policy, that of destructiveness. That is the policy they carried out in 1872, and under the breath of a scandal mostly created and fanned by themselves they succeeded in getting into power, through their destructive tactics, through their power of pulling down and tearing to pieces. Since that they have tried their policy of destructiveness on several occasions. They tried it in 1878, they tried it in 1882, they tried it in 1887, and they tried it in 1891, and they failed. And now, within this last four years they have attempted to adopt a constructive policy, and here you have it in this anomalous, indescribable, indefinite, misty absurdity, which they have named unrestricted reciprocity, and that is all they have to show us for four years of constructiveness on the part of a great political party.

Sir RICHARD CARTWRIGHT. Hear, hear.

Mr. FOSTER. On the top of all this, my hon. friend who cries "hear, hear"—and I expect to

receive another salvo from him—says : Instead of the Government's policy, "we offer a clear-cut, rational and distinct policy."

Sir RICHARD CARTWRIGHT. Hear, hear. We do not offer you the power of understanding it. That is impossible.

Mr. FOSTER. Now, this is the clear-cut, distinct plan and the rational policy which they offer. When asked for what it is, they simply say, as one child does to another : Just shut your mouth and open your eyes and we will give you something to make you wise. They say "We are not bound to explain—let us over on that side and we will show you what our policy is." They show their incapacity in nothing more than in this. Those hon. gentlemen cannot hoodwink in this manner the people of Canada in this 19th century. The artisans and all classes of the community, before they will let them tear down their national house, want to know what kind of building he is going to put up to shelter them. Before they take hold of the ship of state, before they undertake to guide it, some of them at the helm and some on the bridge, the hardy navigators will want to know what kind of diplomas these men have. The people want your policy ; they asked for it at the polls last March, and they will ask for it when you go to them again, and you will never get the voice of the people by simply saying : We have no explanation to offer. In contradistinction to their indefinite policy, this side offers to the country a distinct policy, a policy that is known as the National Policy, a policy which is known by its results during twelve years of steady upbuilding and improvement of this country, a policy which is based upon the development of our resources, upon the creation of home industries and of home markets, and upon the gradual widening and broadening of interprovincial trade and the overflow therefrom of trade to other countries. That is what we offer against this shifting, indefinite thing which is christened on the other side by the name of 'unrestricted reciprocity.' Here is something which the people have tried and which they have before them in entity and substance, a policy which has grown up the form and embodiment of great and almost unparalleled progress amongst themselves. With this National Policy, with this development of our natural resources, with this development of interprovincial trade, there is also the desire to widen the bounds of commerce on every side. With the United States? Yes, and on the principles laid down in the Order in Council, taking the basis of the treaty of 1854, and adding to it whatever may be agreed upon by the commissioners appointed on both sides as being in the interests of both countries. That is a policy as plain as can be laid down. No one should be asked to say more than that in going into a trade negotiation with another country ; and, however hon. gentlemen opposite may refuse to attribute to us an honest desire to carry out this policy, as they will in their Christian charity and their distinguished probity, the Government knows that the party behind it will trust it, because it reflects the opinions of the men who support it. On our previous record and on this policy we propose to ask the House and the country to support and sustain us, and not support the policy which is propounded by hon. gentlemen opposite. There is one other allusion

that may be pardoned to me. Over across the sea there is a market which some hon. gentlemen have thought it not wrong to speak slightly of. They have spoken much of the interests of Canada, and have said that we should go where the interests of Canada lead us. So we should ; but the fundamental opinion of gentlemen on this side of the House is that Canadian interests join us in an identity of interests with Great Britain, and when hon. gentlemen opposite stand up in their sturdy independence for the rights and privileges of Canada, I stand with them ; but we believe on this side that Canadian interests are best subserved by our keeping in touch and unison with the interests of the Empire, and not by putting ourselves in the power of another nation. The market on the other side of the ocean has been wonderfully developed in late years in regard to several of the great staples of our country. It is not long ago that that trade was in its infancy, and now it has reached vast proportions, and our cattle, our cheese and other products are finding a limitless market in Great Britain. There is no reason why that should not be further developed. There is no reason why our butter should not take the same position in Great Britain which Canadian cheese has taken, and it is taking it and will take it under the intelligent and educative methods which are being carried on now by the Department of Agriculture. So it is with other branches of our trade, and this leads up to my thought, which is, that we may well put by the side of this empty, uncertain, indefinite something with the United States of America proposed by hon. gentlemen opposite an alternative infinitely higher, infinitely more in bodily form and certain prospect, and ask the people to choose between the two. This alternative, Sir, is the prospect of wider, fuller, richer trade relations with Great Britain. Why not? Here we have limitless lands waiting for the cultivator ; there are the congested districts and the overcrowded populations. Here you find the lack of capital ; there you have wealth in abundance. Here we have an almost unlimited source of supply and there an almost limitless demand. Between us we have the broad and facile ocean, over which transit is becoming easier and cheaper every year ; in both countries there is the same indomitable spirit and mettle ; both inherit the same historic past, contemplate a common and boundless prospect for the future. I do not despair that in these times, when revolutions in trade, in thought, in economics, come about with the swiftness of electricity, that there may soon strike the flash of a common thought, the conviction of a common interest, and the sentiment of a world-wide loyalty, which will fuse all seemingly diverse interests into one and establish between Canada and the mother land, by favourable legislation, one great inflow and outflow of commerce, embracing the products and providing for the wants of the British Empire through and through, uniting heart and extremities in one great bond of trade union, which shall bid defiance to the world, and add the fresh life-blood of health and happiness and prosperity to every portion of the Empire.

OTTAWA:

Printed by BROWN CHAMBERLIN, Printer to the Queen's Most Excellent Majesty.

1891

CANADA

BUDGET SPEECH

DELIVERED BY

HON. GEORGE E. FOSTER, D.C.L., M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

TUESDAY, 22ND MARCH

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HOUSE OF COMMONS, TUESDAY, 22ND MARCH, 1892

SUPPLY—THE BUDGET.

REVENUE, 1890-91.

Mr. FOSTER moved that the House resolve itself into Committee of Supply. He said: In making my financial statement last year, I estimated that the revenue for 1890-91 would amount to \$38,858,701. The revenue which actually accrued fell short of that by \$279,391, and was distributed as follows:—

Customs	\$23,399,300
Excise	6,914,850
Miscellaneous.....	8,265,160
Total.....	\$38,579,310

Comparing these items and total revenue with the result of 1889-90, we find a Customs decrease of \$589,653, an Excise decrease of \$703,268, and a decrease in Miscellaneous of \$27,694. The decrease in Customs is spread over a number of items, which I will read:

Animals	\$ 9,710
Books, periodicals, &c.....	15,420
Breadstuffs.....	151,743
Cement.....	5,079
Clocks and springs.....	10,512
Crapes	3,505
Earthenware and china.....	21,009
Fancy goods	90,941
Fish and products of	5,154
Furs	19,515
Glass	19,569
Gold and silver and manufactures of....	4,299
Gunpowder and explosives	4,053
Gutta percha and India rubber and manufactures of	26,448
Iron and steel and manufactures of....	194,564
Jewellery.....	18,600
Lead and manufactures of	8,331
Leather and manufactures of	42,856
Musical instruments	3,106
Packages	16,516
Paper and manufactures of	19,029
Pickles	24,519
Provisions	104,459
Seeds and roots	30,398
Silk and manufactures of.....	51,342

Soap.....	\$ 4,608
Spirits and wines.....	143,053
Molasses.....	76,212
Sugar candy.....	2,876
Tin and manufactures of.....	9,213
Varnish.....	7,877
Vegetables.....	14,498
Watches and parts of	21,558
Wood and manufactures of.....	59,995
Wool and manufactures of	199,251

The following are some of the principal items from which increased Customs duties were received last year, the principal being sugar:—

Ale, beer and porter.....	\$ 5,786
Brass and manufactures of	13,070
Bricks and tiles.....	4,813
Carriages.....	4,294
Coal and coke	115,627
Copper and manufactures of	28,450
Cordage	6,114
Drugs, dyes and chemicals.....	24,532
Flax, hemp and jute and manufactures of	4,315
Fruits and nuts, dried	11,740
do green.....	21,332
Gloves and mitts.....	13,648
Hats, caps and bonnets.....	66,657
Metal, composition and other	4,446
Oils, coal and kerosene and products of..	5,533
Oils, all other.....	43,986
Ships, vessels, and repairs on.....	3,762
Sugar.....	290,744
Tea	3,886
Tobacco and manufactures of	31,136
All other articles not specified	225,982

There was a decrease in the sugar duties over the normal year preceding, 1888-89; and if it had not been for the displacement and disturbance which arose consequent upon the change of sugar duties in the United States and the idea that a corresponding change would be made in our own tariff, there is no doubt the Customs duties derived therefrom would have been far larger than they were, instead of falling, as they did, far short of those of 1888-89. Excise shows a large decrease of \$703,268, but that is more nominal than real. The law which makes it

necessary that spirits should be kept two years in tank for aging purposes came into effect the 1st of July, 1890, and a large amount of spirits was withdrawn in anticipation, the duties upon which would have amounted to probably \$500,000. This would have gone naturally, but for that circumstance, into the Excise duties of the year we are considering. In the Miscellaneous a small decrease, as compared with the preceding year, is shown, namely, \$27,694. The total decrease amounts to \$1,320,615. With reference to Excise, the following table shows the course of business for two years :—

TABLE showing the Quantities taken out and the Duties accrued.

	1889-90, Quantity	1890-91, Quantity	1889-90, Duty Ac- crued.	1890-91, Duty Ac- crued.	In- crease or De- crease.
	Gals.	Gals.	\$	\$	\$
Spirits.....	3,574,799	2,708,841	4,617,643	3,544,191	1,073,452
	Lbs.	Lbs.			
Malt.....	54,974,013	57,909,201	557,021	588,593	+31,572
	No.	No.			
Cigars.....	98,810,725	101,117,080	593,710	695,017	+11,307
Cigarettes.....	28,990,449	36,066,690	43,508	54,737	+11,229
	Lbs.	Lbs.			
Tobacco and Snuff	9,802,951	9,688,643	1,850,621	1,869,895	+19,274

This shows that the quantity of spirits taken from bond in 1889-90 amounted to 3,574,799 gallons. In 1890-91 the quantity taken out was 2,708,841 gallons, and the decrease in the accrued duty of 1890-91, as compared with 1889-90, was over \$1,000,000. All the other articles of Excise, malt, cigars, cigarettes, tobacco, and snuff, show an increase over the preceding year. Malt shows an increase of \$31,572 in accrued duties; cigars show an increase of \$11,307 in accrued duties; cigarettes show an increase of \$11,229; and tobacco and snuff an increase of \$19,274 in accrued duties. It might be as well to keep up the table which has been presented for several years in our financial statements as to the *per capita* consumption of liquors and tobacco, as shown by the Excise reports. The following are the figures :—

PER CAPITA CONSUMPTION OF LIQUORS AND TOBACCO.

	Spirits.	Beer.	Wine.	Tobacco.
	Gals.	Gals.	Gals.	Lbs.
Average from 1867....	1'151	2'708	140	2'128
do 1889-90....	883	3'360	104	2'143
do 1890-91....	866	3'282	102	2'033

EXPENDITURE, 1890-91.

When we come to the expenditures of 1890-91, which were estimated at \$36,000,000, we find that the actual expenditure exceeded that amount by \$343,567, giving a total actual expenditure of \$36,343,567. Although the expenditure last year shows an increase of this amount over the estimate, the expenditure itself is \$574,267 less than the expenditure in 1888-89. The chief items in which there was an increase of expenditure, as compared with the preceding year, are as follows :—

Premium, Discount and Exchange.....	\$ 33,285
Sinking Fund.....	50,841
Civil Government.....	25,366
Administration of Justice.....	16,808
Arts, Agriculture and Statistics.....	4,655
Census.....	232,134
Fisheries.....	45,309
Geological Survey.....	8,523
Immigration.....	70,954
Quarantine.....	4,998
Lighthouse and Coast Service.....	26,481
Mail Subsidies and Steamship Subventions.....	34,802
Miscellaneous.....	7,729
N. W. Territories Government.....	68,545
Ocean and River Service.....	35,231
Penitentiaries.....	3,319
Collection of Revenue—Customs.....	27,061
do Excise.....	15,240
do Post Office.....	87,206
do Public Works.....	10,235
do Railways & Canals.....	143,316
do Weights, Measures and Gas.....	3,655

A large increase took place owing to the census, for which there was an item of \$252,154. The next largest item is in the collection of revenue, Railways and Canals, which shows an increase of \$143,316. The increase in expenditure, therefore, as compared with the preceding year, is almost entirely due to the abnormal and large expenditure incurred in taking the census. The decreases were as follows :—

Interest on Public Debt.....	\$ 72,705
Charges of Management.....	1,625
Indians.....	120,389
Legislation.....	335,701
Marine Hospitals.....	6,562
Militia and Defence.....	7,500
Mounted Police.....	12,114
Pensions.....	3,541
Public Works.....	34,956
Railways and Canals.....	15,106
Culling Timber.....	2,182
Dominion Lands.....	15,991

Decreases took place in the expenditure on the interest on the Public Debt of \$72,705, due to the retirement of stock bearing 6 per cent, 5 per cent and 4 per cent and replaced by money borrowed at about 3½ per cent. In Charges of Management there is a slight decrease of \$1,625. In the care of Indians, there is a large decrease, amounting to \$120,389. In the Mounted Police there is a decrease of \$12,114. As far as these decreases are concerned, they are permanent as regards Mounted Police and Indians and,

in the matter of the Public Debt, so far as the principal involved is concerned, while the increases are largely abnormal in their character and are not likely to occur again, the census being likely to be finished during the current year. Summing up, then, we have as a revenue for the past year \$38,579,310, and an expenditure of \$36,343,567, which leaves us with a surplus on Consolidated Fund account of \$2,235,742. If it were not for the item of Capital Expenditures, this surplus would remain in hand for a decrease of the debt, but during the past year there was expended on capital account the following amounts:—

Railways and Canals.....	\$2,502,409
Public Works.....	515,702
Dominion Lands.....	94,847
N. W. Rebellion Losses.....	2,901
	<u>\$3,115,859</u>
Railway Subsidies.....	1,265,705
	<u>\$4,381,564</u>

Comparing this with the previous year, 1889-90, we find that the expenditure then on capital account was \$5,731,354, as against \$4,381,564 in 1890-91, making a saving in favour of the latter year of \$1,349,790. The net result, therefore, of the operation of the year, is that we have provided for the ordinary expenses and services of the country out of the Consolidated Fund, we have laid up in the Sinking Fund, which is of course practically a reduction of the debt, \$1,938,078, we have provided for capital expenditures, including railway subsidies, \$4,381,564, and we have been able to do that with an addition to the debt of only \$275,818.

COMPARATIVE RESULTS, 1887-88 TO 1890-91.

Hon. gentlemen may remember that in 1889, on the occasion of my first Budget speech, I made a forecast as follows: That I thought the time had come for equalizing revenue and expenditure, and that, by the time we entered 1892, we should have reduced the revenue and expenditure to a balance, and from that time on we should have sufficient as a surplus from Consolidated Revenue Fund to pay the ordinary capital expenditure which was necessary for the country from year to year. That forecast has so far been fulfilled, and if it had not been that we took off the duties on raw sugar last year, involving a loss of over \$3,000,000 in that item of revenue alone, we should have been able to come up to the end of 1892 without one dollar of increase of debt since 1889, and with more than half a million of decrease in our permanent debt. It may not be uninteresting to the House to take a review of the four years just past in order to show by a bird's-eye view the financial operations of the country during that time. This will readily appear from the following table:—

	1887-88.	1888-89.	1889-90.	1890-91.
Expenditure on Consolidated Fund.....	\$ 36,718,494	\$ 36,917,834	\$ 35,994,031	\$ 36,343,567
Expenditure on Capital (not including railway subsidies).....	4,437,460	4,490,313	4,033,159	3,115,860
Revenue, Consolidated Fund.....	35,908,463	38,782,870	39,579,095	38,579,310
Surplus or Deficit.....	\$10,041	1,865,035	1,348,893	2,235,742
Net debt.....	247,531,378	237,530,041	237,533,021	237,534,000
Increase of net debt.....	7,216,582	2,998,683	3,110	275,818
Net interest paid.....	\$8,891,288	\$8,843,539	\$8,574,570	\$8,506,908
Rate of interest on gross debt.....	3 45	3 52	3 37	3 35
do do.....	3 12	3 07	2 99	2 93
Net interest <i>per capita</i> (revised).....	1 90	1 86	1 79	1 76

It will be seen that, during those four years, the expenditure on Consolidated Fund account has kept remarkably even, being on an average about \$36,000,000 each year. On capital account, not including railway subsidies, we expended in 1887-88, \$4,437,460; in 1888-89, \$4,420,313; in 1889-90, \$4,033,159; and in 1890-91, \$3,115,860; the amount for 1890-91 being \$1,321,600 less than was expended in 1887-88, which again is in the proper direction. The revenue, also, has been buoyant, rising from \$36,908,463 in 1887-88 to \$38,579,310 in 1890-91. There was one deficit incurred contrary to the convictions and the traditions of the party, which occurred in 1887-88, but which was due to abnormal conditions and amounted to \$810,031; but the subsequent years showed a surplus of \$1,865,035 in 1888-89, \$3,885,893 in 1889-90, and \$2,235,742 in 1890-91. The net debt has remained at about the same figure, and is now \$237,509,030. The net debt increase in the last two years has been only \$275,818. The net interest paid has decreased from 1887-88, having been \$8,891,288 in that year, \$8,843,539 in 1888-89, \$8,574,570 in 1889-90 and \$8,506,908 in 1890-91. That is to say, in the four years the net interest paid has decreased by about \$400,000. The rate of interest on the gross debt has also decreased continuously as well as on the net debt, and while it stood at 3·45 on the gross debt in 1887-88, it is now only 3·35, while the interest on the net debt has decreased from

3.12 in the first year to 2.93 in the last year. The net interest *per capita* required to carry the debt according to the revision consequent upon the census statement, was \$1.90 in 1887-88 and \$1.76 in 1890-91. This, in brief, shows the operation of the finances of the country during the last four years, and I have no hesitation in presenting it to the House and to the country as a conservative statement full of hope and promise as to the ability and the capacity of this country, in the first place to keep its expenses fairly within reasonable limits, and at the same time to carry on without undue stint the public and necessary services of the country.

REVENUE AND EXPENDITURE, 1891-92.

Coming now to 1891-92, the current year, the receipts up to the 20th March were \$25,459,000. From the 20th March, 1890, to the end of the last fiscal year the receipts were \$11,396,000. But of course there have been changes which will necessitate my making a different estimate for the time between the 20th March, 1892 and the end of this fiscal year. The expected increase in Excise for the remaining four months, or about that time, as compared with the like period of last year, is estimated at \$350,000, and the expected decrease in sugar duties for that time is estimated at \$550,000. So, provided that the trade of the country goes on upon about the same basis as last year, and making an allowance for these two items, we may expect for the remainder of the term from the 20th March to the 1st July, \$11,196,000 of revenue. That, added to what has accrued up to the 20th March, will give for the current year an estimated revenue of \$36,655,000, divided probably as follows:—Customs, \$20,500,000; Excise, \$7,900,000; Miscellaneous, \$8,265,000. On that basis of calculation the revenue from Customs paid by the people of the country this year will be, in round numbers, \$3,000,000 less than that paid last year, which was about the amount of actual taxation taken off in the repeal of the duties of raw sugar. The Excise will net, probably, about \$1,000,000 more than the past year. The Miscellaneous I have estimated at about the same. Coming to the expenditure for 1891-92, up to the 20th March we have expended \$23,206,000, and I estimate for expenditure up to the end of June, \$13,450,000, which will make a total estimated expenditure for the current year of \$36,650,000, which is just about the same as my estimate of revenue, leaving a small balance to the good, if we come out upon that basis. That is, the House is to understand that under present conditions of tariff and revenue, as long as they remain, we must not expect much surplus. We

may expect an average income of about \$36,500,000. We must cut our garments according to our cloth, and keep our expenditure within that amount. The estimate for 1892-93 is as follows:—Customs, \$20,500,000; Excise, \$8,000,000; Miscellaneous, \$8,000,000, making in all \$36,500,000. So much with reference to that.

TEMPORARY LOANS.

Last year, as the House already knows, temporary loans had to be incurred to the amount of \$7,786,666. These were of course, made for the purpose of meeting redemption of debt, as last year the total addition to the net debt was only some \$3,000. We have running now, as the House was informed a few days ago, \$9,753,333 in temporary loans. I may take a moment to explain as to the items of redemption which made these loans necessary. First, there has been the drain upon the savings banks of the country, owing to the change of interest from 4 per cent to $3\frac{1}{2}$ per cent, and perhaps to other causes more general in their nature. In 1889-90, there was withdrawn from the savings banks of the country \$1,943,892 more than the deposits, plus the accrued interest for the year. In 1890-91, the sum thus withdrawn was \$1,612,438, a reduction of about \$300,000; and I estimate that for the current year there will be nothing withdrawn in excess of the deposits, plus the accrued interest, but that rather, from the indications of the last eight months, we will have a sum to the good, striking a balance between these two items. These, however, make a sum of \$3,500,000 which was practically a redemption of debt, and had to be met and was met out of these temporary loans. For redemption of debt proper, we redeemed in 1889-90, \$3,577,348; in 1890-91, \$1,905,964; in 1891-92, \$1,937,795; in 1892-93, \$2,178,960 will be redeemed, making a total amount of \$9,600,067 for redemption of debt to be met out of temporary loans. Then the capital expenditure, the increase of debt for the two preceding years, the net increase of debt for the current year and the next year, have to be met as well; so that in addition to the \$9,753,333, which is at present running as a temporary loan, probably some \$5,000,000 will have to be provided either by temporary or by permanent loan. As I mentioned to my hon. friend who questioned me on this point the other day, whether these temporary loans shall be continued as they are, or as they can best be continued, or whether it will be thought advisable to go upon the market for a permanent loan to meet and wipe out all these temporary loans, will be dependent upon the indications of the money market, and the present is not a time at which I

can definitely say what these indications will advise. To show that whatever may have been the reduction in the Government savings banks in 1889-90 and 1890-91, it was not due to a diminution in the savings and deposits of the people, I have here a table which I think will give satisfaction to the House. This shows the total :

DEPOSITS IN BANKS.

—	May 31, '90	May 31, '91	Feb. 29, '92
	\$	\$	\$
In P.O. Savings Banks..	21,357,554	21,130,429	21,686,074
In Dom. Savings Banks	18,488,290	17,114,889	16,929,825
In Charter'd Banks payable on demand.....	51,440,101	56,522,473	60,029,923
In Charter'd Banks payable after notice or on a fixed day.....	74,629,147	84,679,400	93,394,227
City and District Savings Bank, and Caisse d' Economie.....	10,778,164	10,994,546	11,928,669
Totals.....	176,703,258	190,441,739	208,968,719

This tells us that whereas the year ending May 31, 1891, witnessed a decrease of over \$1,600,000 in deposits in the Government banks the 8 months of the current year show an increase of nearly \$400,000 in these deposits, while the total increase in all banks is, for the 8 months, \$13,526,980, and for the 20 months \$27,265,461. Whatever course may be adopted as to these temporary loans it is satisfactory to know that there are indications from the records of the past two years of some trial and difficulty, that in the money markets at home the credit of Canada stands well. First, our stocks and securities, while participating in the general fall which took place a year or so ago, owing to well-known causes, have speedily recovered and maintained themselves since in advance of the securities and stocks of every other colonial market.

SIR RICHARD'S LETTER IN THE "ECONOMIST."

I think it is not amiss for me, at this point, to take notice of what I consider a somewhat remarkable, as it is, I am happy to say, an unprecedented, circumstance, with reference to our position and standing in the old country. Hon. gentlemen know well on this side of the House that during the last three or four years we have had to meet in the United States of America malign influences emanating from certain persons in Canada, pointing out to those who are not very friendly to us on that side of the line, the way in which Canada could be the most effectually stricken and in what interests she might be most especially hurt. And those intimations, sent often direct, sent often through agents, and influential agents, sent

quite as often in the published speeches of hon. gentlemen on the other side of the House, have had their effect, and it has happened that in the legislation which has supervened Canada has been hit at exactly those points pointed out in the way I have mentioned. But, Sir, it had not been known previously that the scene of operations was to be transferred from this country and carried to the mother country, where the credit and reputation of Canada are of much importance to us, and contribute greatly to our prestige and our prosperity. But, Sir, it has so been determined and the first attack has been delivered. The time of the attack was a peculiarly opportune one for an enemy to have winged his arrow to a vital point in Canadian reputation and Canadian credit. It was a time when the money market in Great Britain was peculiarly sensitive. It had for two years been sustaining the strain of losses and liquidations in South America and of liquidations at home, and was agitated by the possibilities and premonitions of financial hardship, and perhaps financial disaster in different parts of Europe. It was a time when criticism of colonial finance was much the fashion in Great Britain, and was somewhat unfavourable, owing to the late attempts which have been made, not always successfully, by the Australian colonies to float loans on the money market, and which had in most cases resulted unfavourably to themselves. It was a time when, as I have stated, Canada herself had temporary loans running, amounting to \$10,000,000, which had to be continued or renewed in one form or another. It was a time when many meritorious enterprises were upon the London market, which, if they could be realized, would tend to the development of the resources of Canada in a material degree. It was a time, too, when owing to the fine and abundant harvest of last year emigrants from the various centres of Great Britain were being led to look to Canada, and to our North-West particularly, as a future home for themselves and their families. It was a time, when a friend of Canada, if he had nothing good to say, would have held his peace, or if he could have presented one truth to have buoyed up and sustained the position of Canada, would have thought it his duty to do so. It was a time when an enemy would have dipped his arrow in poison and winged it as straight as he could to the vital part of Canadian credit and reputation in the old country. He was wickedly wise too in his choice of the instrument through which to make his attack. He chose a financial paper, one of the first in Great Britain which circulates among monied men, and through its utterances and representations has great influence and great weight in

determining the mind of monied men towards any country or enterprise, and which is studied as well by influential factors and motors in the emigration from that country to this. Sir, I hold in my hand the document which, at this particular time and by this particular vehicle, has been not only sent broadcast in the *Economist* through Great Britain to do its work, but has actually been printed, probably by the writer himself—if not by him by one who was a no greater friend to Canada—and as a campaign document has been spread through Great Britain from one end to the other. What are the assertions contained in this document? They are assertions not new to us here, assertions stated over and over again from almost every platform in the country and on the floor of this House year after year, and exposed as often as they were uttered; but which going to the British public and the British people had far different weight attached to them from the name and position of the writer and from the fact that the phases of Canadian party politics and the facts relating thereto are not studied and are not well understood, as indeed they could scarcely be, by the people in Great Britain. I suppose it is known to whom I refer, the gentleman sits opposite to me to-day, he was Finance Minister during the Liberal regime, he is to-day the actual financial leader of his party, if not the potent leader of his party, he is the member for South Oxford (Sir Richard Cartwright). His statements, which may be read by any hon. member who chooses to do so, are familiar and well known, but I have arranged just half-a-dozen in a line of crescendo or climax, keeping the worst to the last. He declares in that document that during thirteen years Canada has trebled her taxation. This is not true. He declares there exists a tremendous exodus and very great depreciation in farm lands. That is an exaggeration, and what there is true in it is made all the more mischievous because he puts no facts of comparison along with the statement he makes. He declares there has been an immense increase in the aggregate debt of this country. The immense increase consists in this—he is speaking of federal matters, I suppose, and he means federal indebtedness—that in 1878 the amount per head paid for the federal indebtedness was \$1.58, whilst in 1891 it was \$1.76, an immense increase of just 18 cents per head during the period from 1878 to 1891. That document states that the great mass of the people, notably the farmers of Canada, are distinctly poorer than twelve years ago.

Sir RICHARD CARTWRIGHT. Hear, hear.

Mr. FOSTER. This is a fine statement to be made by the hon. gentleman and spread broadcast through-

out Great Britain, from which we get the greater part, I may say the better part, of the immigration which comes to this country. He declares the census shows that Canada lost in the last ten years 1,500,000 of people. The census shows no such thing; but such a slight misrepresentation as that causes no scruples with the hon. gentleman, he makes his statement all the same. He declares that the agriculturists of this country have been simply bled white and that \$60,000,000 are taken annually out of the pockets of the people for federal taxation.

Sir RICHARD CARTWRIGHT. And more.

Mr. FOSTER. That, in connection with the hon. gentleman's statement that in thirteen years Canada has trebled her taxation, is probably the greatest of all the many great exaggerations of which the hon. gentleman, during the last five years, has been guilty. In 1878 the taxation of the country for revenue purposes was \$17,841,938, or \$4.37 per head. In 1891 it was \$30,214,150, or \$6 per head. The increase in taxation as to amount has therefore been but 70 per cent, and as to relative incidence but 37 per cent, instead of 200 per cent. In no country in the world do farmers pay less taxes than in Canada. He declares that bribery is a pure matter of business routine in Canada. The hon. gentleman may find something in his own experience to justify this statement; I would not contradict that, but if he means that assertion to apply to the Canadian Government, as at present constituted, or as it has been constituted since 1878, I give it my emphatic denial. He affirmed, Sir, that public life in Canada is disgraced by an intolerable and organized corruption, unknown to the people of England since the days of Walpole, or Charles the Second, and he winds up by declaring that it is utterly impossible for Canada to prosper under present conditions; that, "if there is no change, Confederation must perish, rotten before it had time to become half ripe, as a result of the vice and the folly with which its affairs have been administered." That, Sir, is the hon. gentleman's contribution. A more unfounded, a more unjustifiable and a more mischievous attempt to ruin the reputation and credit of his country in another land is, happily, not to be found in the annals of modern political history. Now, I say that the hon. gentleman can have but one motive in penning that letter and publishing it as he has published it. His presumed motive for taking his case at all before the British public, was, that he might explain to the British public what he meant by this policy which for the last five years he has been endeavouring to thrust upon the people of Canada, and which was as intolerable to the thinking

British public as it was to the thinking Canadian public. That, Sir, might have been a good and valid excuse for the hon. gentleman to have explained his policy and defended it before the British public, but it was no excuse for him taking up more than half of his letter in this vilification and unwarranted abuse of the people, the politics, the reputation and the credit of Canada. He could have but one motive, and that motive was to transfer the partisan operations carried on during the last five years in fruitless fields comparatively upon this side, to the other side of the water, from which we draw our sympathy, where we look for large capital to develop this country, and where the credit and reputation of Canada count as a great factor in our future progress and development. These same misrepresentations the hon. gentleman has brought forth before the electorate of Canada time and again for the last five or six years. He has given them utterance on almost every hustings in the country, and wherever he has uttered them, almost without fail in these latter days, the people have repudiated him. Now, the hon. gentleman, foiled, disappointed and balked in his programme of veiled annexation in Canada—I quote the words, and if not the words the exact meaning of the gentleman whom he owned as leader for six or seven years in this House—foiled and balked and disappointed in that, he has nothing better to do than to transfer his base of operations to the mother country and give there one final stab as strong as he can at the credit, the reputation and the vitality of his native country. I thought it my duty to call the attention of the House and the country to this matter. I brand the action of the hon. gentleman as unprecedented, as unjustifiable, as uncalled for, and as most unpatriotic; but which, from a party point of view, I present to hon. gentlemen opposite with this single remark: That so long as they retain their affiliation in politics with a gentleman who adopts that method of warfare, just so long they will not have to seek far and wide for reasons why they are repudiated by the Canadian people and refused the reins of political power. They will find the explanations close at home in such actions as those I have noted.

Mr. LANDERKIN. Probably they will get a recount.

Mr. FOSTER. It would take a great many recounts to have the hon. gentleman who interrupts me straightened up.

THE CONDITION OF TRADE.

I pass from that little episode to a more pleasing subject—the House in general, and one which

will prove, I am sure, a complete refutation of the misrepresentations I have just noticed, and I will enquire for a few moments as to the conditions of trade as developed by the operation of the past and of the current year so far as it has gone. I do this, largely because the assertion is very frequently made inside this House and out of it, that the trade of Canada is actually diminishing, and that since the operations of the McKinley Bill and the making of treaties consequent upon that legislation, Canadian trade is being hampered and restricted in her area of business transactions. Well, Sir, if we take the aggregate trade of last year we will find that it remained at about the same figure as that of the preceding year, which, however, we must not forget was in advance of about \$14,000,000 upon the year preceding that. The imports, however, are nearly \$2,000,000 less than in 1890, caused mainly by larger productions for our own home market as a result of tariff legislation, and as a result of the development of our manufacturing industries. Take, for instance, as a matter of tariff legislation. We find that there is a decrease, in round numbers, of \$800,000 in the importations of pork and pork products from the United States in 1891, as compared with 1890. That does not mean that our people have consumed or produced less pork products, but it means that the pork products which before, under lower tariff, came in from the United States of America and displaced or supplied the demand for our own products, have been kept out to that extent; and that this demand is now supplied by home production to the benefit of the consumer and producer as well. The following table will make this clear:—

IMPORTS FROM UNITED STATES INTO CANADA.

—	1890.	1891.	Decrease.
	Lbs.	Lbs.	Lbs.
Bacon, hams and shoulders	4,353,653	2,570,412	1,783,241
Beef	6,445,105	2,715,101	3,730,004
Mutton	246,763	6,388	239,975
Pork	17,185,594	11,116,948	6,068,646
Lard	4,881,786	991,655	3,890,131
	33,112,701	17,400,504	15,712,197
Value	\$1,734,225	\$973,312	\$760,913

The total exports, however, of this past year amounting to \$98,417,296 show an increase of \$1,668,147 over 1890; so that, while the imports have decreased for the causes I have mentioned, our exports show a gratifying extension, especially when you find that

compared with the exports of the preceding year of 1889 they exceed these by the large sum of \$9,228,129. An increase of nearly \$10,000,000 in exports in two years during the very period of this threatened and much-talked of legislation which was to have hindered and restricted us, is very gratifying to anyone who looks upon the matter from a fair and reasonable standpoint. The export of the last year is the largest of any year since Confederation, with the exception of 1882. It is nearly \$14,000,000 more than the average yearly export since Confederation, and \$17,700,000 more than the average annual export during the regime of hon. gentlemen opposite. As further confirmation of the favourable trend discernible in this, I may mention this fact to the House: That although the exports last year reached that high water mark and were \$10,000,000 above the exports of 1889, yet in the eight months of the current year the exports are higher than the exports of the eight months corresponding of last year by about \$4,000,000. This means that if the proportionate increase holds till the end of the year, the exports for 1891-92 will be about \$13,000,000 or \$14,000,000 greater than the exports of last year, which were \$10,000,000 more than the exports of 1889. It is a circumstance which I have noted, and which may be interesting in itself, that there is scarcely a dollar's difference between the exports of the eight months of the current year which I have mentioned and those of the twelve months of the last year that my hon. friend was Finance Minister in the Government of Mr. Mackenzie. This statement is immensely strengthened, and will be by that much the more reassuring to the country, by the reflection that since 1873 the value of articles of export and import has decreased by about one-third, and that to find the comparative volume of trade now as compared with that date you must add fully one-third to the figures of the present trade. This, Sir, would make the trade of 1891 about \$290,000,000 on the basis of the values of 1873 as compared with the trade of the latter year. Our total trade has increased with the United States, Germany, Spain, Italy, Newfoundland, the West Indies, China and Japan. It has decreased slightly with Great Britain, France, Portugal, Holland, Belgium, South America and Switzerland. Our export trade, however, has increased largely, that with Great Britain being \$11,000,000 in excess of 1889, and that with the West Indies having increased in the same time by about \$500,000. Our exports to the United States, as compared with those of 1889, show a decrease of \$2,400,000. I have a table here which I will read, simply to show the trend of trade within the last few years, and to give us hope and confidence that neither the McKinley

Bill nor any other of a like nature necessarily bars the current of Canada's export trade or the current of its general business. Comparing 1888 with 1891, our exports of animals and their products to the United States fell from \$7,595,000 to \$4,316,000, a decrease of 43 per cent, whereas the exports of the same products to Great Britain rose from \$16,500,000 in 1888 to \$21,000,000 in 1891, an increase of 27 per cent. The exports of agricultural products to the United States fell from \$10,000,000 in 1888 to \$7,000,000 in 1891, a decrease of 30 per cent, while those sent to England rose from \$4,292,000 in 1888 to \$5,254,000 in 1891, an increase of 22 per cent. If you take the total exports in 1888 and compare them with those of 1891, there was a decrease of $3\frac{1}{2}$ per cent in those sent to the United States and an increase of 22 per cent in those sent to England.

Mr. PATERSON (Brant). Are these the products of Canada alone, or the total exports?

Mr. FOSTER. These are the home productions of Canada alone. There is another indication contradictory of this theory or assertion that trade is stagnant in Canada. It is found in the record of the railways and shipping of Canada, as shown in the following table:—

RAILWAYS IN CANADA.

Year.	Miles Operated.	Train Mileage.	Number Passengers.	Tons Freight.	Earnings.
					\$
1875 ..	4,826	17,680,168	5,190,416	5,670,836	19,470,539
1880 ..	6,891	22,427,449	6,462,948	9,938,858	23,561,447
1889 ..	12,628	38,819,380	12,151,051	17,928,626	42,149,615
1890 ..	13,256	41,849,329	12,821,262	20,787,469	46,843,826
1891 ..	14,007	43,334,891	13,164,420	21,727,025	48,139,980
Increase, 1891 over 1875...		145 p. c.	153 p. c.	283 p. c.	147 p. c.

SHIPPING IN CANADA.

Year.	Tonnage of Vessels in and out, exclusive of Coasting.	Tonnage of Vessels in and out, Coasting.
1879	11,646,812	12,066,683
1889	16,054,221	19,834,977
1890	18,446,100	22,797,115
1891	18,803,648	24,986,130
Increase, 1891 over 1879..	61 p. c.	107 p. c.

In 1875 we had 4,826 miles in operation; in 1891 we had 14,007 miles in operation. The train mileage in the same time rose from 17,680,168 miles to 43,334,891 miles, an increase of 145 per cent. The passengers increased from 5,190,416 to 13,164,420,

an increase of 153 per cent. The freight increased from 5,670,836 tons to 21,727,025 tons, an increase of 283 per cent. The earnings increased from \$19,470,539 to \$48,139,980, an increase of 147 per cent. These figures effectually demonstrate the absurdity of the contention that the trade of Canada is not on a constant and progressive increase.

Mr. LANDERKIN. The railways are not controlled by the Government.

Mr. FOSTER. That is a very wise and sapient remark, and I earnestly commend it to all my hon. friends on this side of the House. I hope they will not be overcome by its sapientcy.

Mr. LANDERKIN. I beg pardon. The Intercolonial Railway is controlled by the Government.

Mr. FOSTER. Taking also the shipping, which is another branch of our carrying trade, we find that in 1879 the tonnage of vessels in and out, sea-going and inland, exclusive of coasting vessels, rose from 11,646,812 tons in 1879 to 18,803,648 in 1891, an increase of 61 per cent. The tonnage of coasting vessels in and out rose from 12,066,683 tons in 1879 to 24,986,130 tons in 1891, an increase of 107 per cent. These, too, are conclusive indications of the business and trade activity and development of this country. So that, looking at these indications of the increase of both our foreign and interprovincial trade, the conclusion is forced upon us that there has been a great and progressive increase in the general trade and commerce of Canada. In passing, I wish to speak for a moment of the different large steamship services of Canada—not by way of going exhaustively at all into the operations of the past year, but merely to say that in the Pacific coast and the West Indies steamship lines, there has been a constant and gratifying increase, both in the passengers carried and in the freight delivered. The steamship service to the West Indies, especially during this last year, appears to have given excellent satisfaction, and to have been a principal factor in developing a largely increased trade between our country and those different islands. With reference to the Atlantic fast steamship service, during the past year tenders were again called for. In answer to our calls but two tenders were received, both of which were, in the opinion of the Government, beyond what could reasonably be expended by this country for a fast Atlantic service; so that, though the policy of the Government has not changed, the circumstances have made it impossible for us as yet to establish that service. I may state, also, that in accordance with my intimation given in the House last year on an item in the Estimates, I have this year made a beginning

in the way of establishing corresponding commercial agencies in different ports and countries, somewhat on the consular plan, without, of course, diplomatic standing or diplomatic responsibility. At the present time we have as commercial agents in Paris, in Great Britain, in the principal centres of the West Indian Islands, gentlemen whose services are enlisted for the purpose of giving all possible information by correspondence and by reports, to be sent to the department and to be published in bulletin form, as to the opportunities that exist for trade and commerce between those different countries and Canada; and I have no doubt that this service will develop gradually into one of great practical benefit to the mercantile classes of our own country and the different countries with which we establish trade relations.

FOREIGN COMMERCIAL TREATIES.

The feature of the year outside of Canada has been the wide arrangement of commercial tariffs, and the changed principle upon which commercial intercourse between different countries is regulated. Within the last few months we have had France moving to do away with every treaty in which a most-favoured-nation clause was found, giving notice as to all such which were about to expire, and denouncing them at the period of expiry; and by the 1st of July, 1892, every treaty, with one exception, which runs for another year in addition, that France had with other countries, embodying the most-favoured-nation clause and carrying the obligations of that clause, will have been done away with. The French Government has legislated in the line of a double tariff;—a minimum tariff, sufficient, in its opinion, to protect French industries, for it is constructed upon the protective basis and which shall be granted to those countries who give like or compensating concessions to France, and a general tariff which is applicable to all other countries. Trade arrangements, based upon the minimum tariff, are subject to denouement or change at once or upon a year's notice, so that none of the disturbing and sometimes embarrassing complications which attach to the most-favoured-nation clause will, after the 1st of July next, be in the way of the commerce of France with other countries. Consequent upon this has followed a rearrangement among other European countries, Prussia, Austria, Hungary, Switzerland and Italy making a treaty among themselves, by which certain products are mutually charged a lower rate of duties, thus stimulating, so far as they could in that direction, trade among those four great countries. Then we have seen

the United States of America, by virtue of the third clause of the McKinley Act, entering into a series of treaties with other countries. Up to the present time the following have been promulgated ;—with Brazil, with Spain for Cuba and Porto Rico, with the British West Indies, with the Dominican Republic, with Salvador, Germany, France and Nicaragua, giving these countries in exchange for certain reductions and the placing of certain articles upon the free list, the benefit of allowing hides, coffee, sugar and molasses to come into the United States free of duty. In all these changes, what has been the result, so far as Canadian interests and trade are concerned? In the first place, I may say that with reference to France, we stand in about the same position as we did before. We had before to pay a surtax, over and above the rate charged Great Britain, on our colonial produce exported to that country. To-day we are under the operations of the general tariff. With reference to the treaty which has been arranged between Prussia, Austro-Hungary, Italy and Switzerland, whatever benefits accrue from it by the way of lessening duties, accrue to Canada as well by virtue of the most-favoured-nation clause in treaties with Germany and Anstro-Hungary, so that the benefits of lessened duties upon certain articles under their lately arranged treaty inure as well to the products of Canada coming under the same schedule. With reference to the treaties which have been made by the United States, as far as Cuba and Porto Rico are concerned, we have the advantage of the most-favoured-nation treatment until the 1st of July of this year. Negotiations are now in progress with a view of having continued to us the same favourable terms; and there is nothing, so far as the tariff of our country is concerned, in its treatment of products of Cuba and Porto Rico which should induce them to give any better terms to the United States of America than to Canada, as we allow their products in, on the whole, on a more favoured basis than even the United States. With regard to the British West Indies, no discrimination was—I will not say allowed—but hinted at in the arrangement of the treaty between them and the United States of America; and I think we owe to the British West India Islands this acknowledgment of their fair and manly and brotherly spirit, that in making a treaty which they considered to be of very great benefit to themselves, and in which considerable pressure was brought to induce them to give better treatment to the goods of the United States than to Canadian and British goods, they adhered to the Colonial and Imperial system of treating sister colonies and the mother country on the same basis as they treat others. With reference to the Domi-

nican Republic, as I have stated, although our trade with the Republic is not very large, we happen to have the benefit of the most-favoured-nation clause. So that Brazil is the only country outside of those I have mentioned in which our products, for the time being, in certain lines, are placed at a disadvantage as compared with those of the United States, and I may say that negotiations are now in progress, which I hope will eventuate in our products being placed on the same footing as those of the United States in the markets of Brazil.

THE WASHINGTON CONFERENCE.

Naturally, this review of treaty arrangements and their results upon Canada, leads up to the conference which took place not long since in Washington between delegates of the Canadian Government and representatives of the Cabinet of the United States, with reference to trade relations. The House is seized of the correspondence and the facts with reference to the steps which brought about the ultimate and completed conference; and on the 10th of February of this year, by appointment of the Secretary of State, a delegation from the Canadian Government went to Washington and met the Secretary of State in conference. I may say this, and I think it is nothing more than right to say it, that Mr. Blaine met us with the greatest kindness and courtesy. Although not in the enjoyment of robust health, and although he was in the midst of the arduous duties of a session of Congress, in the midst of diplomatic correspondence of a weighty and grave character, he gave up his time to the delegation from Canada and for five successive days met them in full and frank and prolonged conference upon the various points treated of between the two. I will say nothing as regards the other points discussed, which have already been more or less fully laid before Parliament, but with reference to the discussion of the trade question I think it my duty to make Parliament acquainted with what took place and the results therefrom. In conference with Mr. Blaine, the Canadian delegation proposed, as a basis for negotiation, the Reciprocity Treaty of 1854, with such modifications and extensions as the changed condition of both countries might render necessary and desirable, and pressed the conclusion of a treaty upon that basis. They were met with the reply from Mr. Blaine that a proposal looking to a treaty based upon natural products alone had not in it the essential elements of reciprocity, so far as the United States are concerned, and consequently they were unable to entertain it. He raised the question, as did also General Foster, who was his coadjutor in the conference, as to whether we were prepared to

make a proposal which would go wider than natural products, and take in and include a general reciprocity in manufactured articles as well. When that point came up, the Canadian delegation immediately raised the question and discussed it fully and freely with Mr. Blaine as to what would be the necessary conditions of such a reciprocity. Did it mean that we were to give United States products and manufactures preferential treatment in our country and discriminate against like articles from Great Britain and from other parts of the world? and the reply came, after a full discussion of the matter, that a reciprocity treaty would have no compensating advantages to the United States of America unless they were given preferential treatment in our markets, especially against Great Britain, which was their chief competitor in nearly every line of manufactured goods, that under any scheme of reciprocity which could be looked upon favourably by them, the United States would expect to compete with Canadian manufactures in Canadian markets on even terms, but with no others. Well, when that point was reached, discussion took place, as to the difficulties to be met by Canada in subscribing to a treaty of that kind, and they were fully and frankly laid before Mr. Blaine. They were, in brief, these: that in going into a treaty of that kind we should stand to lose what we were less able to lose than the United States of America, a considerable proportion of our revenue; first, the eight millions or so which we collected upon the products of the United States that came into Canada; and, secondly, the diminution, whatever it might be, which would result in the imports from the outside world owing to the competition and entrance of United States goods free of duty into our country. Mr. Blaine raised the question whether we had not other methods of taxation. We explained that we had methods of taxation by internal revenue as they themselves had, upon which he remarked that it would be necessary in a treaty of this kind that these inland revenue duties on liquors and tobaccos should be equalized; and that immediately brought up the point that, if they were equalized and if the United States were not willing to level up to our rates, Canada would stand to lose a large amount of revenue in excise duties, inasmuch as our rates are much higher than those of the United States. We also pointed out the grave difficulty which met us in discriminating against the goods of Great Britain with whom, as a colony, we had close and intimate relations, and the repugnance felt against drawing a cordon about ourselves against the world with the exception of the United States. At this point an-

other question came up. Suppose that Canada were willing to discriminate against the goods of the outside world and of Great Britain on this proposed basis of a treaty, who should fix the discrimination and what should be the measure of that discrimination? And as an illustration the article of wool and of woollens was instanced, in which the duties on the raw material vary in both countries as well as do the duties on the manufactured goods. Mr. Blaine admitted at once that this was a vital point, that the United States had its policy of protection, of large protection for both wools and woollen goods, and that unless this vital point were guarded there would be no security to the United States on the one hand against smuggling along a line 3,000 miles in extent, and no security, on the other hand, for the permanence and preservation of the policy of protection which they, up to this time, had maintained, and which they proposed to maintain, and that he saw no way out of the difficulty unless the tariff of Canada were made uniform with that of the United States. Well, Sir, this question passed on in discussion until we had pretty well exhausted the subject, when the Canadian delegates, after having presented these difficulties and canvassed them fairly and thoroughly, said to Mr. Blaine: These are our difficulties; you acknowledge them. Now, you have had large experience in framing reciprocity treaties and have had much to do in the study and arrangements of reciprocal matters; we lay these points before you and we ask whether or not, out of your experience, you cannot see your way to propose a modification of this basis in order that we may diminish, at least to some extent, the difficulties we are under as to loss of revenue, as to discrimination, and as to a uniform tariff; and, after discussion of some time, we received an answer from Mr. Blaine, that while he acknowledged our difficulties, he was clear in his own mind that no other arrangement would be satisfactory to the United States of America, that their manufactures must have preferential treatment, including, of course, discrimination against foreign countries and especially against Great Britain, that there must be a uniform tariff, and that that tariff must be practically the tariff of the United States of America. With this remark, we passed on to other points in discussion and we did not thereafter recur to the trade question. This is, in brief, a fair and candid account of what took place at the conference.

THE RESULTS OF THE CONFERENCE.

I think it is only necessary for me to put in brief the results, and they are simply these:

that so long as the present party and the present policy is maintained in the United States, in one branch or the other of the Legislature or in the Executive, we cannot hope for any treaty with the United States, except upon these lines, viz., a treaty which will take in both natural products and manufactured goods; a treaty unlimited in its scope, of which the basis is a preferential treatment in our market with discrimination especially against Great Britain and against other countries; a treaty that must be accompanied by a uniform tariff, and this tariff equalized with that of the United States of America. These are in brief the results which have been arrived at. During years of discussion from the time the old reciprocity treaty was denounced in 1865 to the present time, there have been various ideas put forward, there have been various plans submitted, there have been assertions and counter assertions of what could be done, there have been several proposals made, but up to this date we have been unable to get any one of our proposals adopted by the United States, or to get one counter proposal from them. Now the matter is settled. It is settled in point of clearness and definiteness. I, for my own part, regret that it is settled as it is, and still I am glad that it is settled at all. I regret that no *modus* can be found by which profitable trade relations could be established between these two countries, without our being called upon to sacrifice too much of Canadian interests and too much of Canadian nationality. I am glad, however, that from this time forward there need be no lack of definiteness, for all parties and all interests in Canada may now know exactly the basis upon which a treaty can be obtained or cannot be obtained.

Mr. MILLS (Bothwell). I would like to ask the Minister whether the deputation at Washington made any report to His Excellency or to their colleagues, on their return, that can be laid before Parliament? I think, Sir, it is a very unusual thing to enter into such a discussion on this occasion.

Mr. FOSTER. My hon. friend is the unusual feature on this occasion.

Mr. MILLS (Bothwell). Well, Mr. Speaker,—

Mr. FOSTER. The hon. gentleman should not rise and interrupt me.

Mr. SPEAKER. The hon. member for Bothwell is rising to a point of order.

Mr. MILLS (Bothwell). I think the rule is, that when a matter of this sort is being discussed, there shall be some official report laid upon the Table of

the House as a basis for discussion. The hon. gentleman has referred to negotiations that have taken place, and no report whatever of those negotiations has been laid before Parliament. In the case of a British Minister residing abroad, the practice is for him to make a report of the interview, that report is sent to the Foreign Secretary and is brought down to Parliament. Now, Sir, if the Government adopt the usual course, instead of sending an agent to select certain members of the Government to go themselves, it is the business of those members of the Government to report to the executive head of the Government, and it is the right of Parliament to have that report laid before them. Now, there is no such report whatever before us. We have no means of judging of the statements made by the hon. gentleman except what he says in the speech he is addressing to the House. I say that it is a highly irregular proceeding, and before the hon. gentleman undertook to make such a statement to the House he ought to have made a report to His Excellency or to his colleagues, and that report should be officially before the House.

Sir JOHN THOMPSON. The hon. gentleman has declared that he is speaking on a question of order.

Mr. MILLS (Bothwell). I am.

Sir JOHN THOMPSON. I submit whether the hon. gentleman has not completely refuted his own statement by the fact that when he rose the first thing he did was to ask a question of the Minister of Finance—

Mr. MILLS (Bothwell). So I did.

Sir JOHN THOMPSON—upon which to base a point of order, and he got no reply to that question. Now, Sir, I submit to you whether there is any rule, any practice, any authority of any description whatever, which restricts a Minister of the Crown from stating that which has transpired on a mission on which he has been sent by competent authority. There is nothing of the kind, I submit, in the usages of Parliament; there is absolutely nothing of the kind in diplomatic usage, or the practice which prevails between Ministers and the Executive. If a Minister of the Crown makes a statement that is not authorized by His Excellency to be made, or which has not been communicated to him—if it should have been communicated to him—that is a matter of responsibility between the Minister and the head of the Executive. But it is the right and privilege of every member, whether he be a Minister of the Crown or a private member of the House, to give to the

House that information on public questions which he possesses, whether anybody else has had it communicated to him or not.

Mr. LAURIER. The question put by my hon. friend to the Minister of Finance has not been answered, unless he means to say that he is now making, in his speech, a report of the negotiations which took place at Washington. I submit that if the Minister wanted to refer in his speech on this occasion to the facts which he is now disclosing, he should have first laid them before the House in the form of a Message.

Mr. SPEAKER. As I understand the matter, I think the statement made by the Minister of Finance was perfectly in order. I know of no more opportune time than the delivery of the Budget, to deal with these questions with which the Minister of Finance is dealing. He is making statements as to the result of trade negotiations between this Government and the Government of the United States, and I know of no rule of Parliament that would prevent him from making those statements.

Mr. FOSTER. I thank the hon. member for Bothwell for two things: one, for giving me even so short a period of rest; and the other, for his very full indication of his own disturbed feelings at this time. Generally the hon. member for Bothwell is thirsting for information, but to-day he seems to be so full that he does not require further information. We are never too old to learn, as the saying goes, but I am forced to conclude now that my hon. friend is either too old to learn, or does not wish to learn any more. I was proceeding to remind the House, when I was interrupted, that we have now acquired a definite statement as to the real basis upon which a treaty with the United States of America was possible. I was going on to say that I was glad that it was settled, although I regretted that it was settled in that way.

CANADA'S COURSE AND PROSPECTS.

For several years the commerce of this country, the business of the country, and the prosperity of the country, have been affected by an agitation which contemplated a very grave change in the commercial and other conditions of Canada. An agitation was set on foot which promised certain things, and held out in roseate language a certain prospect as the result of what could be accomplished, and this continual agitation, and placing before the people the idea of great changes from which they were to get great advantages—which were impossible of fulfilment—cannot but have had a detrimental effect upon the business and

progress of the country. I am glad for this reason that this is now settled, and that Canadians can now turn their faces to the future with a definite idea of what they have to do for themselves and what they may expect from those who live close beside us. For my own part I am not at all afraid to face the future, and to encounter what it has in store for us as to the development and progress of Canada. If the Canadian farmer is to be debarred in great part from a market in the United States for his products, which market at the best is partial, sectional and variable, he will at least have this satisfaction, that under due and adequate protection he will not be exposed to the great and dangerous competition, in the products of this country, from the great western country of the United States. He can prepare himself to find a market for his wares in other countries where they get more favourable entrance, and he can especially prepare himself to enter fully upon that almost inexhaustible market which awaits him for all his products in Great Britain, our mother land. In that country, already, by force of good quality and by prudence in selection, his apples, his cheese, his wheat, his cattle, his bacon and ham, find large and constantly increasing markets, and have to-day secured a permanent place in the market, and practically overtop all competition. And what has been done for these in the British market, by the same careful selection, and the same force of quality, can be done for the beans, the barley, the oats, the lambs, the butter, the poultry, the eggs and all the other great products that the farmer in this country raises, and of which Great Britain takes large and increasing quantities. If the Canadian manufacturer cannot have a fair entrance into the markets of the United States, where he would, of course, meet with strong competition from the accumulations of skill and capital that are there, he can, at least, under the shelter of a proper protection, supply the great and growing home market for manufactures, and with a stability ensured at home, he can push his wares into those countries where they find entrance on more favourable terms. I was speaking, Sir, a moment ago as to the English market in connection with the farm products of this country. I have here a table, in which I give the figures in round numbers, not going into particulars, and I find Great Britain in 1891 imported for consumption in that country, in quantity, as follows:—Bacon, 380,000,000 lbs.; salt beef, 27,000,000 lbs.; fresh beef, 224,000,000 lbs.; hams, 135,000,000 lbs.; mutton, 136,000,000 lbs.; pork, 40,000,000 lbs.; butter, 240,000,000 lbs.; cheese, 230,000,000 lbs.:

eggs, 106,000,000 doz.; apples, 3,000,000 bbls.; potatoes, 640,000,000 lbs.; and in value, poultry, \$2,000,000; wheat, \$145,000,000; wheat flour, \$50,000,000; barley, \$29,000,000; oats, \$26,000,000; peas, \$4,500,000; beans, \$6,000,000. There, Mr. Speaker, is a market which is easily reached, and possesses the feature of stable permanence in that it is subject to the minimum of home competition, of variation and fluctuation in the way of tariff imposts put upon it from one year to the other, a market made up largely from the non-producing classes, in these respects, who are constantly at work in the hives of busy industry and are continually calling on this country and other countries like situated for food supplies, to make that muscle, brawn and sinew with which they do the manufacturing for so large a portion of the world. We have in that country, besides, a discriminating market, where the best wares are quickly taken at the best prices, and where the

material in goods or money is always at hand to pay for that which they purchase. So, Sir, I say we may face towards the old country, and for our varied products, exploit those markets which are sure to prove profitable from their constant, and, indeed growing demands. And it may also be that, in the near future, considering this war of tariffs, which is taking place the wide world over, considering the discriminating benefits which are given by some countries and denied by others, it may be worth the careful and thoughtful attention of the Government as to whether or not the time is not approaching, if it is not near at hand, when it will become the duty of this Government to hold out the hand of help to those that help us, to repay favour with favour and interest with interest, and to give the best treatment in our markets to those countries which afford to us the best treatment in their markets.

CANADA

BUDGET SPEECH

DELIVERED BY

HON. GEORGE E. FOSTER, D.C.L., M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

TUESDAY, 14TH FEBRUARY

1893



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE QUEEN'S MOST
EXCELLENT MAJESTY

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WAYS AND MEANS—THE BUDGET.

Mr. FOSTER moved :

That the House resolve itself into Committee to consider the Ways and Means for raising the Supply to be granted to Her Majesty.

REVENUE, 1891-2.

In rising to move that the House go into Committee of Ways and Means, it becomes my duty, in the first place, to make, as briefly as I possibly can, consistent with plainness, a statement of the operations of the preceding year, and of the current year, so far as we have overtaken it. In doing so, I desire, without further ceremony or prelude, to state that in March last, when I had the honour of making my financial statement in this House, I estimated that the revenue which would accrue during the year would be as follows :—

Customs.....	\$20,500,000
Excise.....	7,900,000
Miscellaneous.....	8,265,000

Total \$36,665,000

The actual receipts were as follows :—

Customs.....	\$20,501,059
Excise.....	7,945,097
Miscellaneous.....	8,475,715

Total..... \$36,921,871

showing a very slight excess of \$1,059 in Customs; an increase of \$45,097 in Excise, and an excess of \$210,715 in Miscellaneous. So that, whereas the total estimate for that period was \$36,665,000 the total receipts were

\$36,921,871, being an excess of receipts over estimates of \$256,871. The following were the receipts during the preceding year of 1890-91 :—

Customs.....	\$23,399,300
Excise.....	6,914,850
Miscellaneous.....	8,265,160

Total..... \$38,579,310

This shows a decrease in Customs receipts during 1891-92, as compared with 1890-91, of \$2,898,241 ; an increase in Excise of \$1,080,247, and an increase in Miscellaneous of \$210,555, or a total of receipts in 1891-92 of \$36,921,871, as compared with a total of \$38,579,310 in 1890-91, showing a total decrease of \$1,657,439. In the case of the following articles we have received increased Customs duties :

Ale, beer and porter.....	\$ 27,136
Animals, living.....	2,319
Books, periodicals and other printed matter	15,410
Candles.....	1,252
Carriages.....	50,766
Carpets.....	11,740
Cement.....	1,162
Coal and coke.....	13,408
Drugs, dyes, chemicals and medicines.....	31,523
Earthenware and china.....	37,228
Fancy goods.....	34,452
Flax, hemp and jute, manufactures of	25,916
Fruits, green.....	41,511
Furs and manufactures of.....	20,847
Glass.....	9,388
Gloves and mitts	7,636
Gold and silver, manufactures of	3,655
Gun powder and other explosives.....	5,565
Iron and steel, manufactures of.....	70,979
Lead, and manufactures of.....	1,522
Leather, and manufactures of	29,504

Metal, composition and others....	\$5,835	Fish, and products of.....	\$2,935
Oils, coal, kerosene, and products of.....	33,821	Fruits and nuts, dried.....	3,440
Packages.....	2,583	Gutta percha and India rubber, manufactures of.....	43,461
Paper, and manufactures of.....	21,564	Hats, caps and bonnets.....	18,318
Printing presses.....	2,702	Jewellery.....	12,510
Seeds and roots.....	10,900	Musical instruments.....	3,320
Soap of all kinds.....	4,702	Oils, all other, N.E.S.....	10,955
Spirits and wines upon which an increase of Customs duties was placed.....	12,874	Oil cloth.....	4,207
Varnish.....	2,719	Pickles, sauces and capers of all kinds.....	2,490
Vegetables.....	9,247	Butter, cheese, lard and meats....	101,753
Wool, and manufactures of.....	132,214	Salt.....	7,991
All other dutiable goods.....	165,204	Ships and vessels and repairs on..	7,551
And from the following articles decreased		Silk, manufactures of.....	64,045
duties were received :—		Spices of all kinds.....	4,311
Brass, and manufactures of.....	\$ 15,563	Stone, and manufactures of.....	16,815
Breadstuffs.....	139,557	Sugar of all kinds.....	3,064,462
Bricks and tiles.....	11,963	Molasses.....	4,096
Clocks and clock springs.....	1,878	Sugar candy and confectionery....	16,461
Coffee.....	1,121	Tea.....	7,849
Coffee, and manufactures of.....	20,709	Tin, and manufactures of.....	2,190
Cotton, and manufactures of.....	20,802	Tobacco, and manufactures of.....	56,308
Crapes of all kinds.....	2,163	Watches, and parts of.....	19,158
Embroideries, not otherwise provided for.....	13,715	Wood, and manufactures of.....	10,888

Coming to Excise, the changes are considerable, as shown by the following :—

TABLE showing quantities taken out and duties accrued.

	1890-91. — Quantity.	1891-92. — Quantity.	1890-91. — Duty Accrued.	1891-92. — Duty Accrued.	Increase.
Spirits.....	2,708,841	2,578,973	\$3,544,191	\$3,873,801	\$329,610
Malt.....Lbs.	57,909,201	46,425,882	588,593	928,517	339,924
Cigars.....	101,117,080	104,521,493	605,017	623,952	18,935
Cigarettes.....	36,066,601	40,147,200	54,737	62,933	8,196
Tobacco and snuff.....Lbs.	9,688,643	9,872,166	1,869,895	2,356,904	487,009
			6,662,433	7,846,107	1,183,674

The increased duty in spirits, as shown above, is due to the increased Excise placed upon them. The per capita consumption of Excise articles and the average of the whole period has been always given, and I give it here as well :

PER CAPITA CONSUMPTION.

	Spirits.	Beer.	Wine.	Tobacco
	Gals.	Gals.	Gals.	Lbs.
Average from 1867	1·134	2·739	·139	2·130
do for 1890-91	·745	3·790	·111	2·292
do for 1891-92	·701	3·516	·101	2·291

DECREASE IN TAXATION.

Generally, with regard to these different items of the revenue, it may be interesting

for the House to know that, comparing 1891-92 with 1889-90, taking the full years before and after the increase and reduction of duty respectively, the imports in 1891-92 were \$116,978,943, against \$112,765,584 in 1889-90. But the duty accruing last year was only \$20,550,581, as compared with \$24,014,908 in 1889-90. Thus, though the imports for home consumption last year as compared with the years 1889-90, were \$4,213,359 greater, the duty collected was \$3,464,327 less, or, in round figures, the Customs taxes were three and a half millions of dollars less than in 1889-90. The per capita Customs burden in 1889-90 was \$5.01, and in 1891-92 \$4.25, being a reduction per head in the burden of taxation of 76 cents. The duty per cent of dutiable and free goods in 1889-90 was 21.21 ; last year it was 17.56, a reduction of 3.65 in the rate of duty. It is as well to state here in carrying this a

little further, that the total duty collected in 1891-92 from Customs was smaller than in the year 1882 by one and one-fifth millions, than in 1883 by two and one-half millions, than in 1887 by two millions, and than in 1889-90 by three and one-half millions of dollars, showing that the contention is true that the present Government, in the furtherance of its policy, is from year to year materially reducing the taxation of the country. In making the changes in the tariff in June, 1891, I estimated a loss upon the average consumption of sugar of \$3,500,000 in our revenue. I estimated a gain from the Excise duties of \$500,000 on malt, \$600,000 on spirits and \$400,000 on tobaccos. But the increase has not come up to the estimate. The increased gain in malt was \$339,924, in spirits \$329,610. In tobacco the estimate was exceeded. Whereas the estimate was \$400,000, the increase has been \$514,140. The total increase from these higher Excise duties was \$1,183,674. In order to meet these higher Excise duties to some extent, the duties on imports of these articles were slightly increased. The result was not to increase the revenue, for, although we received an increase in ale and porter of \$27,136, and in spirits and wines of \$12,874, we had a decrease in imported tobaccos of \$56,308, so that the total decrease in Customs amounts to \$16,298 so far as these increases were concerned. Therefore, as regards the increases and losses which were estimated, the revenue has gained less from the impositions upon malt and spirits, and we have lost more than I have estimated by taking off the duties upon sugar, on account of the increased consumption as shown by the following table :

SUGAR CONSUMPTION.

Year.	Lbs.	Value.	Duty.
		\$	\$
1888-89.....	223,841,171	5,837,895	3,675,724
1889-90.....	174,045,720	5,186,158	2,851,547
1890-91.....	197,163,919	5,005,397	3,138,894
1891-92.....	345,418,485	9,082,523	77,828

The figures indicate a consumption as per customs returns for 1891-92 of an average of about 70 pounds for each man, woman and child in the Dominion. So that if we had kept the same taxation

upon the sugar for 1891-92 which ruled in the preceding year, instead of \$77,828, we should have got \$5,418,918. That is to say, at the same rate of consumption, we have actually removed from the taxation of the country five and one-third millions of dollars.

Mr. LANDERKIN. Why didn't you do that ten years ago ?

Mr. FOSTER. Don't be in too great a hurry ; always make haste slowly. Deducting one million dollars of Excise which we added and which accrued from the increased Excise duties, the net decrease in taxation was four and one-third millions of dollars, which amounted to 90 cents per head of the total population. Now, it is fair to say that if the remission had not been made it is not probable that the consumption would have been quite so high, for the cheaper the product the greater the consumption ; that is notable in the case of tea and sugar, and articles of that kind. It is, however, true that in taking off the duties upon raw sugar we have remitted to this country, upon an actual necessary consumption of sugar, an amount of money in the neighbourhood of \$5,000,000 during the last year. While on that point it may be just as well to make a statement in order to contrast the two policies, in order to meet to a certain extent, an assertion which is often heard, that the system of taxation and the amount of taxation as it bore upon certain classes, was less under the administration of our predecessors than under our own. Let me add this further statement : that we collected on coffee in 1892, \$7,177 ; but if the same duties had been paid upon the coffee consumed in this country last year as was placed upon coffee under the preceding administration, instead of the people having paid \$7,177 they would have paid \$66,746. Duty on tea was last year paid to the amount of \$8,265. If the same rates of duty had been paid last year as were paid under the preceding administration the country would have paid on the same consumption of tea \$1,266,233 instead of \$8,265. In the matter of rice, which is also the poor man's food, we paid last year \$80,762 ; but if the duties in force under the preceding administration upon the article of rice had been paid last year, instead of that amount the people would have paid \$229,820. In sugar, as I have stated, the duty of 1892 was about \$77,000,

whereas under the rate of taxation existing under the preceding administration, the duty paid would have been \$4,438,109. That is to say, on these four articles alone, coffee, tea, rice and sugar, the country paid last year \$172,463; under the rate of taxation, upon a similar consumption, of the preceding administration, they would have paid \$6,000,905. Under the two rates of taxation the savings to the people in these articles alone last year was \$5,828,442. There is no dispute that in the case of every one of these articles every dollar of that taxation would have come out of the pockets of the consumer, because it is upon materials which are not grown in this country. With reference to receipts from Miscellaneous, I may say that last year they were the largest since Confederation, amounted to \$8,475,714, as against \$4,533,073 in 1878, \$4,075,907 in 1873, and \$1,978,247 in 1867; that is, the increase in earnings from 1867 to 1873 amounted to \$2,088,660; in 1878 the earnings further increased by \$457,166; in 1892 they had increased over 1878 by \$3,942,641, an increase of 87 per cent.

EXPENDITURE FOR 1891-92.

* I come now to speak for a few moments of the expenditures for the last year. The estimated expenditure in March last was \$36,650,000; the actual expenditure was \$36,765,894, an increase over the preceding year of \$422,327 on Consolidated Revenue Account alone. The increases, as will appear from the following table, took place in the following items of expenditure:—

Interest on Public Debt.....	\$ 179,841
Sinking Funds.....	89,782
Administration of Justice.....	24,130
Legislation.....	706,389
Arts, Agriculture and Statistics..	16,315
Quarantine.....	2,839
Superannuation.....	12,569
Railways and Canals (Consolidated Fund).....	20,649
Lighthouse and Coast Services...	11,042
Fisheries.....	10,408
Scientific Institutions.....	3,265
Subsidies to provinces.....	32,156
Customs.....	4,308
Excise.....	21,812
Post Office.....	154,444

On the other hand, in the following items there have been decreased expenditures:—

Charges of Management.....	\$ 8,674
Premium, Discount and Exchange	69,455
Civil Government.....	9,113
Penitentiaries.....	8,269
Immigration.....	3,440

Pensions.....	\$ 11,393
Militia.....	13,205
Mounted Police.....	39,046
Public Works (Consolidated Fund)	309,694
Mail Subsidies and Steam-ship Subventions.....	47,910
Ocean and River Service.....	22,091
Marine Hospitals.....	1,065
Geological Survey.....	3,202
Indians.....	93,169
Government of the North-west Territories.....	4,468
Miscellaneous.....	17,008
Weights and Measures and Gas..	3,331
Culling Timber.....	2,456
Adulteration of Food.....	1,337
Public Works (collection).....	6,193
Railways and Canals (collection)..	167,639
Dominion Lands.....	25,675

The actual expenditure on Consolidated Fund Account last year, when taken from the total revenue of last year, left a small but convenient surplus on that account, of \$155,977. The increase, as I have said, over and above the preceding year's expenditure on that account, was \$422,327. But the total increase, and more nearly double the total increase, was due solely and entirely to the increased cost of legislation, owing to the abnormal length of last session. Last year we paid for a session of Parliament of 219 days, at a cost of \$1,302,876. The preceding year, which was also a longer session than usual, we paid for 155 days, to the amount of \$596,486. Taking the preceding year as an abnormally long session, and deducting its cost from the session of last year, we find, as I have said, that the increase was \$706,390; that is, the increased expenditure and \$300,000 in addition, were due entirely to the abnormal length of the session, over which, of course, the Government had no control, and for which we are bound to maintain that the Government gave no occasion. Taking the expenditure for a series of years, from 1887-88 down, we find the following facts: The total expenditure on Consolidated Fund in 1887-88, was \$36,718,494. The average of the five years following that period was \$36,547,964. Last year it was \$36,765,894. So that it may be stated broadly that from 1887-88 up to the present time, there has been almost a dead level of expenditure on Consolidated Fund Account, and that this year, but for the abnormal length of the session, would have shown a decrease to about \$36,000,000, or a decrease from 1887-88, of \$700,000. Under this state of facts it cannot be contended, as it is often asserted, and it cannot be proved, as the statement is often made, that this Govern-

ment is rolling up the yearly expenditures of the country. On the contrary, they have been kept at a dead level, and but for the abnormally long session of last year, would have shown a decided decrease over a period of six years. Leaving the expenditure on the Consolidated Fund Account, let us see what was the result of the expenditure on capital account for the last year. Taking it in brief, I find that on capital account, excluding railway subsidies, we spent last year \$2,165,700, as against \$3,115,859 in the preceding year, a saving in expenditure, or a lessening in expenditure for last year over the preceding year in that regard, of \$950,159. Taking in the railway subsidies and treating that expenditure as on capital account, we spent last year \$3,413,915 as against \$4,381,564 in the preceding year, a saving in this expenditure of nearly \$1,000,000 as compared with the preceding year. The course of the capital account since 1887-88 has been continuously downward, commencing in that year with an expenditure of \$4,437,460; in the second year, 1888-89, \$4,420,313; in the third year, 1889-90, \$4,053,150; in 1890-91, \$3,115,860; in 1891-92, \$2,165,700, the average of these five years being \$3,638,496, the expenditure for the last year coming beneath the average of the last five years by \$1,472,796, and being less than the expenditure of 1887-88 by \$2,271,760. Taking the expenditure on Consolidated Fund Account and the expenditure on capital account, we find this state of things: that whereas the over-expenditure on the first was \$422,327, the under-expenditure on the second was \$967,649, making the total expenditure on Consolidated Fund and capital account, last year, \$545,322 less than the preceding year, thus again substantiating the fact that the expenditures of this country are year by year diminishing instead of growing larger. With respect to the debt of the country, it will be remembered that for two or three years I have been able to chronicle a very small addition to the debt. I am not able to do that this year. Having taken off the large revenue which accrued from sugars, and having offset that only by about one-third of its loss; we have had less surplus to draw from for our capital expenditure, and consequently had to meet a larger amount of capital expenditure out of borrowings. So, whereas in 1889 the net debt was \$237,530,-

041, in 1890 \$237,533,211, in 1891 \$237,809,030, in 1892 it rose to \$241,131,434, being an increase over the preceding year of \$3,322,404. But this increase in the debt is more apparent than real, which will appear from these considerations. Of that increase, \$970,000 arose from the cancelling of the North Shore Railway bonds, which before this year stood as assets for the country, although they produced no revenue, and although, under the peculiar arrangement which was made, they could have by no possibility produced revenue in years to come. They have been written off. That adds to the increase of debt the amount of \$970,000, which, as I have said, is apparent and not real, so far as any benefit to the country as a producing asset is concerned. Then, again, we went last year on the market for a loan, and, as the hon. gentleman who sits opposite me knows, loans, if they are put on the English market at low rates of interest, sell at a discount. The loan that was put on the market last year was at 3 per cent, and, although under all the circumstances it realized more than we could have expected, and although, in comparison with all other countries seeking money last year we stood in the vantage ground, with the exception of Great Britain herself, which has, of course, great advantages, we yet sold that loan at a discount, and the amount of the discount became an addition to the capital account in the shape of an addition to our debt. It is, however, as I have said, more apparent than real. If it had been put on the market at the rate of 3½ per cent, there would have been no discount, and there would then have been no debit to the capital account of the country. We would have paid the same in the end, but it would have been paid in the increased yearly interest, which would have come out of the Consolidated Fund and not have been charged to capital; but the discount on the loan, as the discount on all loans, has been charged to capital account, and so adds, as I have said, \$1,122,541 to the apparent increase of debt on capital account. With these explanations, which are meant simply to explain and modify, but not at all to do away with the fact which appears in our accounts, and which will always appear in our accounts, we have added \$3,322,404 to our debt during the past year. It is important that, in the interest of truth, the explanations should go along with

the statement. They are meant to do just what they are meant to do and no more, to explain but not to palliate. It will be remembered that three or four years ago I made the statement that I thought we had reached the time when we should call a halt as regards the increase of the debt of the country, and that I thought I saw from that point of time the possibility of raising our revenues without increased taxation, and meeting therefrom the necessary services of the country, of laying up the yearly amount for the sinking fund, and of making a fair capital expenditure year by year, and of accomplishing that without adding to our debt. That promise or that prophecy was literally fulfilled up to the past year. It could not be fulfilled after that, because we took millions of dollars from our revenue in remitting the taxation upon raw sugar, which changed the aspect of affairs, and consequently we had to draw on loans for a certain amount of our capital expenditure. If, however, we had kept the duty on sugar, instead of having had this increase to the capital debt of the country of which I have just spoken, we would, from the revenue which would have accrued from sugar, not only have kept the debt from increasing, but we would have diminished the total net debt of the country by about \$2,000,000. So that my promise made at that time, was upon the set of circumstances then existing, and that it has not been literally fulfilled this year is because the Government thought it better to remit this enormous amount of taxation to the people of to-day, and to make the people of future years pay their proportion of the amount that was necessary for the capital works of the country, over and above what we can spend and spare of current revenue.

REVENUE AND EXPENDITURE, 1892-93.

As to the receipts for the current year, I find that from July of last year to 31st January of this year, the income has been \$21,772,600, as compared with an income last year of \$20,716,451. That is an increase in receipts of about \$1,000,000, as compared with the last year. Last year, we received in the second half of the year \$16,205,420. If we receive that same sum this year, which is a little doubtful, the whole revenue of the country will amount in the present year to a little more than \$38,000,000.

The expenditure of the present year, up to 31st January, is \$19,189,893. The expenditure for the same period last year was \$19,817,325. The expenditure in the last five months of the last year was \$16,948,562. If the same rate of expenditure is observed during the last half of this year, we shall have expended \$36,500,000, or thereabouts; but I am not at all certain that the same rate of expenditure can be observed. We are, for instance, to pay additional interest upon our loans; we are to pay, I do not know how much, but a pretty round sum, for fitting up the quarantine facilities of the different ports of the country; and these two amounts, as will appear from the Supplementary Estimates, soon to be brought down, will swell by a very considerable amount the calculated expenditure of the current year in its last half beyond what was the expenditure during the last half of last year.

Sir RICHARD CARTWRIGHT. These figures, I suppose, are up to the 31st January?

Mr. FOSTER. Yes. Then again, we are spending more heavily on capital account for the purpose of finishing our canals. The Sault Ste. Marie Canal, which was begun about a year and a half ago, is being pushed forward to completion with all possible speed, so that, during this year, the expenditure will far exceed the expenditure of last year. All these things make me cautious about giving a forecast as to the result of the year, at this early period in the year. However, I think I may say this: That we will, out of the current income of the present year, pay all expenditures on account of Consolidated Fund and have a good balance to apply to capital account; whether or not it will meet the whole of the capital expenditure upon canals I cannot at this period of time say. This much is gratifying, that for seven months of the year, however, the revenues so far, are nearly \$1,000,000 greater than they were during the corresponding period of last year; while the expenditures up to the present time are considerably less than during the corresponding months of last year.

THE LOAN OF 1892.

It is not necessary for me to explain to the House—the House is well aware of it already—that in order to meet the extra expenditure

upon capital account, and to take up the temporary loans which had been running, a loan had to be put upon the British market. That is fully explained in the Public Accounts, and it has also been explained to the House.

Sir RICHARD CARTWRIGHT. It is not fully explained, in one point; you do not state the allowances that were made, what the loan actually netted.

Mr. FOSTER. That is stated in the accounts.

Sir RICHARD CARTWRIGHT. Not in detail.

Mr. FOSTER. The items may not be in detail, as the items very seldom are. However, suffice it to state that a loan was put on the market for £2,250,000; that the price fixed was £91, and that the realization was £92 0s. 10½d. The loan was subscribed three times over or more; but what was a more gratifying feature of the last loan was this: that the number of individual subscribers to the loan was very much greater than in any former experience of loans that we have put upon the British market. The applicants numbered about 420, as compared with 367 for the issue of the £4,000,000 loan in 1888, a loan which was nearly twice as large. That, I think, shows a widened public interest in the financial affairs of Canada, and an increased confidence in the securities that Canada puts upon the British market.

Sir RICHARD CARTWRIGHT. If the hon. gentleman had the particulars it would be a convenient time to state them. They were usually stated on such an occasion by his predecessors. If he has not he might lay them on the Table later.

Mr. FOSTER. I have not the particulars at hand; but I can tell my hon. friend, in brief, what they are. We paid to those who negotiated the loan the exact commissions which were laid down in our contract. We paid to the brokers, as we had always done, one-quarter per cent. There were no charges outside of that, except slight amounts for printing and the like.

Sir RICHARD CARTWRIGHT. What were your allowances; when was the loan made payable?

Mr. FOSTER. Was that not detailed in the Public Accounts?

Sir RICHARD CARTWRIGHT. I did not see it.

Mr. FOSTER. I do not remember the discount terms just now, but I will bring it down. It was nothing more than the spreading of the loan and the usual discount.

DEPOSITS IN THE BANKS.

I desire for a moment to call the attention of the House to the improved condition of things, so far as indicated by the savings of the country, and the position of the Savings Banks. It will be within the memory of the House, that on the 1st October, 1889, the new Order in Council went into force which reduced the interest allowed on deposits in the Savings Banks from 4 per cent to 3½ per cent. That, and perhaps other causes, led to an increase in the amount of withdrawals from the Savings Banks, which will be shown when I read the balances in the different years. On the 30th June, 1889, there was a balance of \$42,956,357. On the 30th June, 1890, that balance had decreased to \$41,012,465; and in 1891 it had decreased to \$39,400,026; being a total decrease during these two years, of \$3,556,330 as regards the Savings Banks alone. In 1892 matters began to mend, and that year shows an increase in the total balances in the Savings Banks of \$129,521; a small increase but upon the right side. However, the six months of the current year show an increase in the balance of \$443,210, which at the same rate would be equivalent to pretty nearly \$1,000,000 during the year, which shows that the tide has turned, so far as the deposits in the Savings Banks are concerned, that the drain upon them has ceased and has turned into an increasing surplus. As regards the total savings, as shown by the deposits in the different Government Savings Banks, in the chartered banks, in the City and District Savings Banks and in La Caisse d'Economie, they amounted on the various dates named to the following figures:—

	30th June, 1878.	30th June, 1888.	30th June, 1891.	30th June, 1892.	1st December, 1892.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Post Office Savings Banks.....	2,754,484 03	20,689,032 62	21,738,648 09	22,298,401 65	22,891,074 45
Dominion do	5,742,529 32	20,682,025 61	17,661,378 07	17,231,145 98	17,081,682 47
Chartered Banks:—					
Deposits by public payable on demand.....	35,090,284 00	50,331,413 00	59,383,409 00	65,611,678 00	68,694,266 00
After notice or fixed date....	29,979,041 00	62,529,285 00	83,249,806 00	95,331,100 00	101,526,186 00
					31st January, 1893.
City and District Savings Bank, and La Caisse d'Economie...	5,631,172 00	10,475,292 00	10,982,231 00	12,236,099 00	12,904,195 55
Totals	79,197,510 35	164,707,048 23	193,015,472 16	212,708,424 63	222,997,404 47
Increases		85,509,537 35	28,308,324 93	19,682,952 47	10,288,979 84 (for 6 months).

These figures show that the normal increase in the general savings of the country, as denominated and defined in the deposits in these different banks, is maintained.

THE COMMERCE OF 1891-92.

I now come, for a moment, to speak of the commerce of the country during the past year. I am not going into the internal or domestic commerce or trade of the country, because, first, of the time that it would take, and, secondly, because, I am sorry to say, of the unfortunately defective statistics which we have with reference to our internal trade. That is found in every country. It is probably found in our country now more than it will be in the future, for I sincerely hope, and I believe it will be found to be the fact, that the new Minister of Trade and Commerce will devote himself particularly to the task of devising some method of obtaining statistical information, whereby the country shall be apprised of that most important of all the branches of its national life, its internal commerce and production. However, if we can judge from signs which come to the surface, the internal commerce

of the country, during the past year, has kept in advance of that of the preceding year and maintained a fair percentage of increase. Taking our railway returns, which are a fair index, and our returns of shipping and tonnage, which are also a fair index, they both show a considerable increase in 1891-92 over the preceding year. The railways show an increase in the miles operated of 578, in the passengers carried of 364,697, in the tons of freight carried of 661,061, and in the freight earnings of \$3,539,751. This shows that freight has been carried in increasing quantities, and that, therefore, there must have been an increased trade. As regards water-borne freight, we find a small, but, at the same time, satisfactory, percentage of increase. But it is when we come to the foreign trade of the country, where our statistics are fairly extensive and reliable, that we find the largest increase as indicated by the figures to which I shall ask the attention of the House. In view of the controversies which have been going on in regard to this subject, I have thought it well to present the figures of foreign trade for 1878, 1891 and 1892:

EXPORTS of Canada and percentage of increase.

	1878.	1891.	1892.	Percentage of 1891 over 1878.	Percentage of 1892 over 1891.
	\$	\$	\$		
Exports ..	79,323,667	98,417,296	113,963,375	24	15½
Total imports.....	93,089,787	119,967,638	127,406,068	28½	6½
Total trade	172,405,454	218,384,934	241,369,443	26½	11
Trade with Great Britain.....	83,372,719	91,328,384	106,254,984	9½	16
do United States.....	73,876,437	94,824,352	92,125,599	28	Decr. 2½
do France	1,754,394	2,565,877	2,770,173	46	8½
do Germany	521,580	4,336,232	6,526,228	731	50½
do Holland	266,764	404,532	846,167	51½	109
do West Indies	4,397,996	6,360,926	7,638,846	44½	20
do China and Japan.....	486,244	2,202,102	3,300,108	352½	49½
do other countries.....	1,366,532	3,685,842	5,168,657	169½	40

It will be seen that while there was a loss of trade with the United States of about \$2,000,000 in 1892, that was more than compensated—seven times compensated—by an increase of \$15,000,000 in our trade with Great Britain. It is sometimes stated that our trade with other countries in the world is not satisfactory. It is true that with the United States and Great Britain we do the most of our business; but a comparison of the above figures shows that we are gradually, and in some instances rapidly, increasing the area of our commerce with other countries. The record I have given is, I think, one which is encouraging to the House, and which will be encouraging to the country, as showing a gradually-widening, and, to a certain extent, although as yet small in its entire amount, a rapid development of trade with the other great countries of the world. The record of our trade for last year is one which you may search our returns through in vain to find equalled. This shows an increased trade with Great Britain in 1892, over 1891, of \$15,000,000; with France, one-fifth of a million; with Germany, two and a fifth millions; with Holland, one-half a million; with the West Indies, one and a third million; with China and Japan, one and a tenth million, and with other countries, one and a half million, besides a small increase with Italy and Newfoundland, whilst the only large decrease we had was with the United States, of two and seven-tenths millions. Therefore, I state again, that the condition of our foreign trade shows strongly in 1891-92 in our favour, and I believe it will be received by this House and by the country as an answer to the oft-made and baseless assertion, that the trade of our country is stunted and retrograde. Coming to the home products, the exports of Canada of these during the last year, as compared with 1892, show the following results:—

EXPORTS OF HOME PRODUCTS.

	1892.	1891.
Produce of the Mine	\$5,906,471	\$5,784,143
do Fisheries	9,675,398	9,715,401
do Forest	22,281,744	24,282,015
Farm products	50,708,134	39,634,599
Carried forward	88,571,747	79,416,158

	1892.	1891.
Brought forward	88,571,747	79,416,158
Manufactures	7,040,988	6,296,249
Miscellaneous	71,518	45,337
Total	95,684,253	85,757,744

Increase \$9,926,509
do per cent 11½

That is a large increase in a single year. The increase in farm products alone goes to prove the assertion we make, that the farmers of this country are yearly producing more and finding larger and remunerative markets, and in this respect we can stand comparison with the producers of the rest of the world. More we cannot expect. We are in this world, in this age, united in a great commercial bond with the peoples of other countries, all of us governed by the common wants of the world, and kept in close and constant communication by means of the telegraph wire and rapid transit, so that the world's wants and the world's yield are at once known and the prices of great staples fixed accordingly. Taking that into consideration, the increase of \$21,000,000 in the exports of farm products alone, during the past year, is a very gratifying extension in our trade. I wish to speak now for a moment about the diversion of trade, and there is one point to which I wish to draw the attention of the House and the country with regard to the tariff and our farmers. Everyone knows that about two or three years ago the duties upon farm products, bacon, ham, shoulders of beef, mutton, pork and lard were rearranged. At that time it became patent to the country that large supplies of these articles were coming in from the United States and displacing farmers' products in this country, and the Government came to the help of the farmers, at their request, and raised the duties upon these articles. What happened? Whereas in 1890 33,000,000 pounds of bacon, beef, mutton, pork and lard were brought in from the United States and distributed in this market, the importation fell, in 1891, to 17,000,000, and in 1892 it fell to 13,000,000; and whereas in 1890 the value of the importation was \$1,734,000, in 1891 it fell to \$973,000, and in 1892 to \$723,000. The following table shows the particulars:—

IMPORTS into Canada from the United States for the Years ended 30th June, 1890, 1891 and 1892, of the following Articles :—

	1890.	1891.	1892.	Decrease from 1890.
	Lbs.	Lbs.	Lbs.	Lbs.
Bacon, hams and shoulders.....	4,344,200	2,564,044	1,008,068	3,336,132
Beef.....	6,427,993	2,698,305	2,235,987	4,192,006
Mutton.....	246,363	6,322	11,560	234,803
Pork.....	17,161,592	11,085,111	9,492,965	7,668,627
Lard.....	4,882,831	988,999	691,246	4,191,585
Total.....	33,062,979	17,342,781	13,439,826	19,623,153
Value.....	\$1,729,403	\$968,568	\$723,081	\$1,006,322

That is, the decrease from 1890 made a market for our own farmers in this country by the exclusion of those products from the United States to the value of over \$1,000,000. So that you have to take this into account: that not only did our farmers increase their exports by the amount I have named, but that they had in the home market an increased sale to the extent of over \$1,000,000, required to supply the country in place of the American products, which were excluded from the United States, so that they obtained an enlarged market at home as well as an additional market abroad.

Mr. McNEILL. That shows the advantage of protection.

Mr. FOSTER. As to the diversion of trade, let me read to you the figures of 1891-92, with reference to some products of Canada exported to Great Britain, in order to make a comparison. Horned cattle fell off nearly \$1,000,000, owing to circumstances well known. Leaving that out of account, we find some very encouraging items. Canadian cheese, apples, and bacon have made their place in the British market. Canadian butter had also made a place for itself, but not a very enviable one; but under the operations of the Dairy Commissioner and the dairy stations, which have been established by the Government to stimulate the production of a better quality, the quality of Canadian butter has been raised; it has been put upon the market in uniform quality, stamped as Canadian butter, making its own way, and comparing 1891 with 1892 we find that, whereas in 1891 only \$440,060 worth of Canadian butter was exported to Great Britain, last year

\$877,455 worth found a place for itself in the British market, being an increase of 99 per cent. The following table speaks for itself:

STATEMENT of values of the following articles, produce of Canada, exported to Great Britain during years 1891 and 1892, with percentage of increase and decrease in each article.

	1891. Value.	1892. Value.	Per cent of Decrease.	Per cent of Increase.
Horned cattle.	\$ 8,425,396	\$ 7,481,613	11	.....
Butter.....	440,060	877,455	.....	99
Cheese.....	9,481,373	11,593,690	.....	22
Bacon.....	589,599	1,089,060	...	84
Hams.....	36,398	53,939	.....	48
Apples, green or ripe.....	1,235,247	1,405,527	..	14
Apples, dried..	7,353	10,692	....	45
Fruits, canned and preserved	9,500	23,679	....	149
Barley.....	\$ 75,225	\$1,233,844	....	1,540
Oats.....	5,954	1,975,485	.....	33,079
Peas, whole...	1,439,747	2,332,307	..	62
do split...	45,601	89,781	.....	96
Wheat.....	969,134	5,726,505	...	490
do flour....	851,912	1,110,368	....	30
Eggs.....	83,589	592,218	.....	608
Horses.....	156,254	214,785	...	37

By the way, if you look into the Trade Reports you will find that the price of eggs—

that much abused article—exported to the British market is one cent and a fraction per dozen higher in value than those exported to the American market. It is well that these figures should be noted and should be spread before the public, in order that they may see the actual expansion and the possibilities of the market in Great Britain for the products

which they raise; and I wish to give also this statement, showing the increase in three of the great articles of Canadian export which have had their reputation made for them, and which have been consecutively and skillfully placed on the British market—cheese, cattle and apples, and also the exports of the great division of our products:

COMPARATIVE Statement of Exports, produce of Canada, for the Years 1868, 1878 and 1892.

	1868.	1878.	1892.	Per cent of Increase, 1892 over 1868.	Per cent of Increase, 1892 over 1878.
	\$	\$	\$		
Produce of the mine.....	1,446,857	2,816,347	5,906,471	308	109
do fisheries.....	3,357,510	6,853,975	9,675,398	188	40
do forest.....	18,262,170	19,511,575	22,281,744	22	14
Animals and products.....	6,893,167	14,019,857	28,594,850	314	103
Agricultural products.....	12,871,055	18,008,754	22,113,284	72	23
Manufactures.....	1,572,546	4,127,755	7,040,988	347	70
Cheese.....	* 620,543	3,997,521	11,652,412	1,779	189
Cattle.....	1,099,940	1,152,334	7,748,949	605	572
Apples.....	† 87,333	*149,333	1,444,883	1,560	867

* From Ontario, Quebec and Nova Scotia only.

† Fruit, green.

This would keep up the train and trend of the thought I have been developing of the gradual and steady progress of the country in its external trade, and particularly in its exports.

THE AGITATION AS TO TARIFF POLICY.

So much with reference to the commerce of the country. I may not have succeeded in developing much interest with the hon. gentlemen opposite, or at least with some of them, in my figurative remarks; but now I come to the tariff; and, as I approach the tariff, I notice that my hon. friends' interest deepens. I wish to state a few things with reference to the tariff and the tariff policy. No man with his eyes open would think for a moment of denying the fact that there is more or less agitation in the country with reference to the tariff and to trade conditions. One person will notice it from one stand-point, another from another stand-point. We may not all take statesman-like views; but, whatever views we take, this much is true, and we admit it, that there is an agitation on this matter, and that people are alive to the discussions upon trade policies and to discussions upon tariffs, and to the question what is to be the guiding policy now and for the future.

DIFFERENCE IN PRINCIPLE.

Several things have conspired to make the agitation upon the tariff in this country possibly deeper to-day than it has been for a number of years. Will the House permit me to mention a few of these? In the first place there is a difference in view on the question of principle which has existed ever since we have been a country, which came to a point of cleavage direct and sharp in 1878, between those who believe that a free trade policy out and out is the proper policy for this country, let the revenue take care of itself, or take care of the revenue in whatever way you can; those who believed that a tariff for revenue purposes with incidental protection was the thing for this country, making the revenue the prime consideration, and distributing it so as incidentally to protect the industries of the country, and the third class of people, who believed that for Canada, under the conditions then existing, and which have existed since the principle of a sufficient and reasonable protection to the nascent industries of the country was to be followed first, and that revenue was to take care of itself on that line. Those were the three great schools of thought. We

do not expect that because in 1878 one school of thought triumphed and concentrated its opinion in the tariff, but that to a large extent they are nourished to-day, as in 1879. Changes there have been. Men who believed in free trade have come to believe in protection. Maybe it has happened that some who believed in protection have come to believe in free trade, or a revenue tariff with incidental protection, or something of that kind. But the differences which existed then are differences which exist now, and they contribute to the agitation and discussion of the question at the present time with a vivacity probably greater than at former periods, from circumstances which I shall mention afterwards. Then again, there is an agitation evoked by dissatisfaction in regard to changes in the tariff in respect to relative or absolute protection which arise from various circumstances, for instance, in the differences in value that have arisen from 1878 to the present time. Whether specific duties alone or specific and ad valorem duties are placed upon these goods, the differences in value through a series of years change the amount and incidence of protection. Dissatisfaction has arisen also from the fact of raw materials being in some cases cheapened, and in such cases the protection which was fair when raw materials were higher in price, becomes a little more than fair when raw materials lower in price. Out of all these reasons and others there might arise discussion and thought and, it may be, dissatisfaction, even among persons who believe in a protective policy, but who are not pleased with the changes in the relative or absolute scale of protection arising from the causes I have given.

THE M'KINLEY BILL.

Then again, Sir, I am inclined to think that the McKinley Bill has done something towards sharpening this agitation in the country. Necessarily it did so. Hon. gentlemen opposite, before that Bill was passed, prophesied that it would do so; after it was passed, they declared that it did so, and I am not going to counter their declarations in that respect. For the McKinley Bill, whether it was so intended by its framers or not, did this and did it very effectually; it raised barriers against certain Canadian products, namely, farmers' products,

and to that extent it interfered with trade and made necessary the diversion of trade, and every diversion of trade is followed necessarily by its train of dissatisfaction and loss. It may be, that after the diversion has been made, the people will be more prosperous, the markets will be more remunerative, but none the less every diversion of trade from one channel to another causes dissatisfaction and loss to individuals. So that I think the discussion has been sharpened in reference to this matter on account of the passage of the McKinley Bill.

THE LATE U. S. ELECTIONS.

It certainly has been sharpened by the results of the elections which took place not long since in the United States of America, and which have been magnified without warrant, which have been unduly magnified by leaders of the party opposite, into a victory for free trade, pure and simple; and statements have been made throughout the length and breadth of the country that, owing to that change, a free-trade policy was to be inaugurated, and that great benefits would come in certain directions, and great changes would have to be made in this country. That has set people to thinking, that has set people to agitating and proposing, and that has added very materially to the discussions and the talk that is going on about this matter in the country to-day. For my own part, I differ with hon. gentlemen opposite, or on this side, who believe that the wings of free trade have been spread for a flight during all future ages in the United States of America, by the election of Mr. Cleveland. I cannot find it in the previous records of the party, I cannot find it in that latest concentration of the party doctrines upon tariff measures, the Mills Bill; I cannot find it in that latest utterance of President Cleveland in his acceptance of the candidature; I cannot find it in the thought, and feeling and breath of the American people to-day. I think the man who stands up in this country and contributes his quota to the unrest, and dissatisfaction and discontent with the present state of things in this country, by preaching to them that now this second daughter of Britain has entered into free trade, and the next to follow will be the third daughter of Britain, Canada—I cannot believe that these men are doing the best, from a statesman-like point of view, for this country

and for the people of this country. However, the fact is, that this has lent point to the discussion and thought about the tariff and trade policies.

THE LOW PRICE OF CEREALS.

Then there is another thing which must be taken into account at the present time, and that is the unprecedentedly low price of cereals in the markets of the world; and directly upon that supervenes the effort of the demagogue, the effort of the unscrupulous man, to make the people believe that in some occult way all this is due to the miserable Government and the miserable policy which, for the time being, prevailed in this country. Now, Sir, no sane man, standing up before a number of sane men, will venture that argument. Every one is open, in his calmer moods, to the opinion, to the conviction of the truth, that, if the prices of cereals in the country are low, they are low from certain abnormal causes, and that they are probably temporarily low.

THE PARTY PROPAGANDA.

But, whatever may be the cause, the fact of these low prices of cereal products throughout the country at the present time, adds point and strength to the discussion, and is used to spread dissatisfaction and discontent. Of course, an Opposition always has open to itself to take advantage of all these things. All things are fair in politics, it is said; and I suppose any average party would take advantage of all the circumstances that arose, and as they arose, to make sentiment against their opponents and in favour of themselves. And, Sir, of late, and with greater vigour, supervening on these things, has come an active propaganda in this country and in the country alongside of us, the end and aim of which, no, I will not put it that way—the result of which, whether it is the aim or not, is to make people unduly discontented and unduly unrestful. In this country everybody acknowledges the geographical difficulties, its great extent, its sparse population, its different races and creeds, its different sections with their different distribution of the resources with which nature has endowed them. But I hope every man also recognizes—if he does not he ought to—that this country, if it is to remain a country, if it is to

become a great country, and to have permanence and durability imprinted upon it, has to learn the lesson, and learn it now, and keep it learned, that you cannot afford to appeal to the prejudices, or the poverty, or the wants of one section against another; that you cannot afford to pander to the prejudices or the likes of one class to the detriment of the whole. I am here to-day to state that I misjudge the Canadian people, I do not read aright the spirit of the Canadian people, if, man for man, throughout this country, when they are fairly talked to and fairly reasoned with, they will not lay down, as a basis, that we must get along together in this country; we do not ask that any class shall go scot free of taxes and burdens, while others pay an undue proportion; we do not ask that any section shall be lightly burdened while other sections are heavily loaded; but that class or section, wherever it may be, must, proportionately to its strength, bear its just and equal portion of the burdens that are necessary in order to carry on the affairs of this country, and to give it permanence and durability. I think it is an unfortunate thing that in order to gain power, and in order to make a point against their opponents, advantage is being taken of the present state of things to preach a doctrine in this country which, if it is adhered to, means disruption, and is opposed to the only policy which can give us true permanence and true prosperity. Sir, I wish to notice in passing that these men preach certain doctrines, they go before the people with certain statements; they go before the people with inferences from those statements, some of which they draw, and some of which they do not draw, but all of which they allow, and others which they force to be drawn; and I believe that there are people who go out from the meetings addressed by hon. gentlemen opposite with the firm belief that there is some way by which we can carry on all our services in this country, by which we can have perfect free trade, and will not have to pay a dollar of taxation. Now, if hon. gentlemen opposite can define and point out any means or method by which that can be done, well and good; but, if not, the doctrine that ought to be preached in every school-house, on every platform, is that there is no way to build up a country in its public works, look-

ing after its public services, giving it the improvements which the people need in the race of progress alongside of other countries to-day, no other way than by taxation; and that if the people will not bear reasonable burdens, they cannot expect to promote the building up and the improvement of the country. I think the Canadian people are sensible enough and strong enough to accept that doctrine, and to work under the impulse and in the spirit of that doctrine. So that I think, having stated these things, I have stated what leads to the unrest, the dissatisfaction, the agitation upon the tariff question; and I have tried to state them fully.

THE POSITION OF THE GOVERNMENT.

We do not say that the policy we adopted in 1878, in the exact degree of protection that was placed upon the country at that time must be unvarying, must never be changed; but, out of all these causes I have mentioned, the feeling of unrest exists, and it reaches this House of Parliament, and that feeling will be met by the Government frankly, honestly and fairly. So that the Government, while it wishes to give due weight, and no more than due weight, to any one of these causes, and to any one of these complaints; while it acknowledges their varying force, varying in proportion to their merit and their strength; although the Government does not intend to be either frightened or forced into doing something which it does not believe to be right; the Government takes its stand to-day, and is willing to have it known everywhere. What it proposes to do will be done after the most careful, and earnest, and due consideration, not extended beyond a reasonable period—and will be that which, as a matter of trade and tariff policy, is best for this country as a whole. It proposes to do what is best for all classes counted together, whilst giving due weight to the importance of, and to the position of, each class, and varying the burdens accordingly. It proposes to adopt a policy and to carry out the particular lines of that policy, with due regard and consideration as well to the internal conditions of Canada as to her position amongst other countries of the world under the present condition of trade and tariffs. These are the lines, and to what end? It may

be asked, what does the Government propose to do, for these are generalities? I grant that these are generalities. It has been a discussion of generalities, or of principles, if you like to denominate them as such. Then the first question comes from my hon. friend,

NOT FREE TRADE.

Will the Government adopt free trade? My answer to that is, no. I know I disappoint my hon. friend in not taking up the pet idol and dream of his heart, the one idea which is the bright star of his existence, towards which he treads his devious way, sometimes in one country, and sometimes in another, from platform to platform, but always with that bright particular star in sight; now, I believe, only fifteen years distant is this bright particular star of free trade, the freest of free trade. There are some considerations why the Government does not propose to adopt free trade. The first is the requirements of the revenue. A stronger man than I am, a deeper thinker than my hon. friend, a man in mental power who towers among the best, has stated it, and from a less prejudiced stand-point, perhaps, because he put it from the stand-point of hon. gentlemen opposite, and he has challenged any man to show how, in this country, now, or for many years to come, any scheme of free trade could be adopted which could be worked, and he expressed his conviction that the circumstances of the country precluded its adoption, and precluded the direct taxation which must necessarily follow upon its adoption. The requirements of the revenue prevent it; \$28,000,000, outside of earnings, have to be raised in this country for its current services. I invite hon. gentlemen to come down to particulars, and to show to this House and the country how they will effect savings in the different items of expenditure so as to reduce that amount by a very large sum. Small savings can be made, small savings are being made, but that the services of this country require much, and are so important they cannot be stopped, is a truth with which every man is conversant; and the point arises as to how \$20,000,000 can be raised for the services of the country, \$20,000,000 from Customs revenue with free trade with all countries, or with any great country in the world. But, Sir, outside of that point, which is in passing, there is another reason why this country cannot

adopt free trade at the present time. It is on account of the industrial and general development of the resources of this country. Here we have under a system adopted earlier than 1878 so far as incidental protection is concerned, in 1878 so far as absolute and direct protection is concerned, developed in this country large and varied interests. Nobody denies that. A vested capital of \$353,000,000, employing 368,000 hands, at a yearly wage of \$100,000,000 and a development of the wealth of the country to the value of \$90,000,000 annually—these are facts stated in cold figures of the census, taking 1891 and comparing it with 1881. This development of industries has gone on for years. It has reached a certain point, it cannot be sacrificed; neither has it reached that point where, unaided, it can yet stand the competition of countries like Great Britain or the United States, with their centuries of wealth behind them, with their great skill, with their enormous markets, with their great production which finds a market in the world in such large quantities. So that these have to be taken into account. Have not these industries grown since 1878? The figures I have given show that they have. They have kept population in this country—

Some hon. MEMBERS. Hear, hear.

Mr. FOSTER. I am glad that hon. gentlemen opposite entertain that idea. Those industries have kept population in this country which would otherwise have left it. They are keeping to-day in this country an increasing number of hands in employment, and the increased employment has its benefit in the way of wages, in the way of production, and so is felt throughout the whole country. We know from observation that these industries and this development of our industries has gone on rapidly since 1878. I do not need further to enlarge that idea. Let each hon. gentleman ask his own observation and experience, and let him contrast 1878 with to-day, and see the varieties of articles we manufacture to-day which were not manufactured by us then. that the proportion of articles in use in this country, now obtained from our manufacturers, is much larger; let him look over the whole field and take his own experience, and he will find, though in some cases there have been failures, in some cases there have been changes and vicissitudes, yet, on the whole, a great start has been made with respect to the manufacturing industries of the country, and a great start made in developing in that way the resources of the country. Do hon. gentlemen ask the history of the imports of raw material? It is contained in these figures:—

IMPORTS RAW MATERIALS, 1869, 1879 AND 1892, AND PERCENTAGE OF INCREASE.

	1869.	1879.	1892.	Per cent of Increase 1892 over 1869.	Per cent of Increase 1892 over 1879.
Wool	2,061,576	4,976,758	10,224,086	395	105
Cotton	1,245,208	9,720,708	46,322,525	3,620	376
Hides	891,488	1,202,890	1,837,102	106	53
Gutta percha.....	90,536	133,214	730,657	707	448
Hemp.....	.....	199,179	877,989	.....	340
Raw sugar	21,656,918	22,925,779	343,121,731	1,484	1,395
Lumber and timber.....	203,276	531,278	1,094,635	438	106
Silk.....	.....	35,556	260,299	.....	632

* Sugar below No. 9 cane juice melado.

† Sugar below No. 14 and melado.

If hon. gentlemen want further information, let them go to the census returns for the figures of industries for 1881 and 1891, and learn from these that the number of establishments have gone up from 49,000 to 75,000, an increase of 51 per cent; the capital

investments from \$165,000,000 to \$353,000,000, an increase of 114 per cent; the number of employees from 254,000 to 367,000, an increase of 44½ per cent; wages paid, from \$59,000,000 in 1881 to \$99,000,000 in 1891, an increase of 67 per cent; raw material from

\$179,000,000 in 1881 to \$255,000,000 in 1891, an increase of 42 per cent. Value of products from \$309,000,000 in 1881 to \$475,000,000 in 1891, an increase of 53 per cent; and

added value, according to the statistician, of \$33,000,000 per year in 1881, and of \$89,000,000 in 1891, added to the wealth of the country. These are the figures :

CANADIAN INDUSTRIES PER CENSUS RETURNS.

	1881.	1891.	Variation.	
			Increase.	Per cent.
Number of establishments.....	49,923	75,768	25,845	51·8
Capital invested..... \$	165,302,623	353,836,817	188,534,194	114·
Number of employees.....	254,935	367,865	112,930	44·43
Wages paid..... \$	59,429,002	99,762,441	40,333,439	67·86
Cost of raw material..... “	179,918,593	255,983,219	76,064,626	42·3
Value of products..... “	309,676,068	475,455,705	165,769,637	53·5

Added wealth, 1871-1881..... \$33,000,000 per year.
do 1881-1891..... 89,000,000 do

That is an additional proof that industries have taken root, and have grown and developed, and in so doing, have developed also the strength, and the richness, and the reliability of this country upon itself. But, sir, if more is required let him look a little further at the increased home supply in 1892, as compared with 1878, and the great difference in the consuming population of this country—not so great as my hon. friend would think well, but yet a large increase in the consuming population of the country. That large increase has all been supplied by the home manufactures of this country; I mean so far as ratio is concerned. Let him ask himself as to the increased exports of manufactured goods, being an advance of 70 per cent over 1878 and of 347 per cent over 1868, and let him ask himself as to the decreased imports of manufactured goods. Let him put all these things together, and he will gain a heightened and strengthened idea of what the industries of this country have attained in that time. Not only have the industries increased in themselves, but let us not forget their collateral advantages. Every ton of ore which is dug, every mill whose wheel revolves, every cotton spindle that turns, every branch of industry that works up raw material brought in, or raw material obtained in this country, adds to the employment which the country needs, adds to the earnings of the country, and adds to the wealth of the country, to be shared in by every sober, intelligent, and industrious class in the community from one end of the Dominion to the

other. These things lead me to the conclusion, and I think they will lead this House and this country to the conclusion, that we cannot adopt free trade, and open up these industries—nurtured from 1878 to the present time, I grant you, by a reasonable and I hope a sufficient protection,—that we cannot open up these, to the unlimited competition of old manufacturing countries like Great Britain and the United States of America, without sweeping away the larger proportion of our industrial development, and reaping all the want, and loss, and misery that will accrue. And after all what better would we be off if we did this? We would not be so well off, because some time, sooner or later, if Canada is ever to be a great country, and it is, it would come to the conclusion again that we would have once more to reverse our policy, and that we would have to develop our own industries and resources. No country in this world at the present time can be great on one branch of work alone, and this country of ours, taking its resources and capabilities into account, would be guilty of the height of madness, if it left everything to the pursuit of agriculture and the natural products, so to speak, and did not strive to be a manufacturing country, giving employment to its own people, and working up its own resources as well. The position of the Government is clear upon that. Will my hon. friend make his position equally clear? I have read his Hamilton speech and his Toronto speech, and for the life of me I do not know where he stands to-day, and there are hundreds of

thousands of people in this country as well who cannot put their finger upon the trade policy of my hon. friend opposite and tell what it means. At one time he is all free trade; let the taxes take care of themselves. At another time he says: We must go slowly, free trade is in the distance, and we will come to it gradually. While at another time he is in favour of unrestricted reciprocity with the United States, and discriminations against the rest of the world; the very antithesis of free trade. What are we to judge from all these statements? The hon. gentleman had some quiet fun the other day at the speeches of Ministers, and when this House is in a leisure moment, and when I get more time, I propose to take a few of my hon. friend's speeches and dissect them. But, Sir, what I invite him to do now, as I invited him to do two years ago, is: that he should come out of the bush and into the open and tell us just where he stands.

NOT UNRESTRICTED RECIPROCITY.

Well, Sir, the Government has an equally straight and equally frank position to take upon the question of unrestricted reciprocity; but I am not going to take up the time of this House discussing that. Why? Because the country has discussed it and has given its verdict upon it in the general election with its eyes half open, and in the by-elections when it saw straight ahead on this question. Unrestricted reciprocity is a policy which, involving as it does discrimination against Great Britain, revolts the loyal feeling of the people; involving as it does free trade with the United States in manufactured articles, as well as in the products of the soil, strikes a blow at the manufacturing and industrial life of this country, and is repudiated by that class of the people. It is a policy which strikes a blow at the autonomy and self-respect of our people in that it inevitably hands over the autonomy and the tariff and fiscal legislation of this country to a foreign, a superior and a stronger power; and whether my hon. friend seasons it with independence or not I care not. Independence, or not, that policy adopted, and that policy carried out, means the extinction of Canada's separate, individual life, and the destruction of her aspirations after autonomy and nationality. I carry this further. The people have condemned

it; they have thrown it out the back door, and they will throw every politician who stakes himself before the country on that policy, out of the same back door. Not in Canada to-day, nor in any year to come, will that kind of policy, pure and simple, when the people think it over and get to the bottom of it, command the support of a majority of the people of this country, or that flag ever be wafted to success; but, Sir, if there is anything like honourable reciprocity, anything like a reciprocity with mutual advantages, and which can be bought by not paying too dearly from the life blood and industrial blood of this country, if there is any reciprocity of that kind, this Government stands committed to take it, and to strive to get it. Sir, this Government does not stand to take that in which there is no honour, in which there is not a fair and mutual advantage, and in which it must pay for what it gets by the extinction of the country's name and independence.

ABOUT PREFERENTIAL TRADE.

Well, Sir, there is another idea promulgated, and that is the pet idea, I was going to say, of my hon. friend from North Bruce (Mr. McNeill)—preferential trade; and the pet idea of many other gentlemen besides—an idea which, however much it may be laughed at by hon. gentlemen opposite, is an idea which, in its intrinsic worth and in the increasing favour and fervour of acceptance which it is meeting at the hands of thinkers and workers, ought not to be laughed at, which cannot be scouted, which has much to commend it. Even though it be not a present possibility, even though it be years in the future, it is an idea which has its groundwork in a thought wider than self or the selfish interest of any one country. It is an idea which in its scope lifts one, which gives one an idea of Imperial potency and durability and strength, which is a good leaven to throw into the lower political life of any country—an idea of continents and islands spanning the globe, with climate and productions and resources of infinite variety, with great mental capacity and endowment, with all the instrumentalities of a great trade ready to hand, and with a commercial fleet that fills every sea. I say to you, Mr. Speaker, that that idea, if it could be realized, would be the finest, the highest and

the noblest thing that has been concentrated into political or public action since the world had a beginning. I am not going to say that it is a present possibility, but I am going to say that it is so potent an idea that it is well for Canada and well for every British country to hold the strongest vantage position for its possible adoption; and we do not know how soon changes in public opinion may bring nearer to a reality that which to many seems to-day but a dream and a vision. This Parliament has pledged itself on preferential free trade. I believe other colonies of the Empire will view it favourably and will also pledge themselves upon it. I know that an increasing number of thinkers and workers in Great Britain are favourable to that idea in the abstract, and many of them in the concrete, as well; and I know, too, that it has to meet the prejudice of a half-century of economic teaching, especially among the masses of the people in the old country, who have been nurtured and grown up in that teaching. As I said before, if it is not a present possibility, it is yet well for us to keep ourselves in a vantage position, where we may do our part to adopt it, if it becomes feasible. So much with reference to that.

WHAT THEN ?

Now, Sir, after all this, the question comes, What then ? There is only one thing left. My course of reasoning has brought hon. gentlemen along that line; and the one thing that is left, in the opinion of the Government, is that which the Government proposes to do. It proposes, in the first place, then, to keep the old landmarks in sight. There has been much talk about the old flag and the old policy. I will, at this time, for the sake of variety, give the remark a different turn. I will say that I believe, and the Government believes, that it is in the interest of this country, that we should not lose sight of the old landmarks which we set up in 1878, and which have remained ever since. I am not going further to state what has been done by this policy in its principle and in its application, faulty though in some respects that application may have been—yes, must have been, because it was administered by human means. But I am going to say this, that that is the line by which we have marched up to our present prosperity, and that it is with the idea of keeping these landmarks

in sight that we propose to take the next step in the interest of this country. But my hon. friend says to me: The United States is going to have free trade in a few months, possibly. Suppose that were so—I do not believe it—but suppose it were so. My hon. friend would have to ask and answer another question: How did the United States attain to that position where it could throw its ports open and defy the competition of the world? It came to that position by the road, not simply of a reasonable protection always, but a protection which was oftentimes more than reasonable, but which it would put on, and which it kept on until it developed its immense iron resources, its immense resources of every kind, and secured its accumulation of skill and capital and power, and its market of nearly 70,000,000 people. It marched up to that point along the pathway of a strong and safe protection; and the argument has not reached a conclusion when my hon. friend is able to say: "The United States is going to have free trade next year, and Canada must have free trade as well." We have yet more to do; we have yet further progress to make; we have yet further to toil along the same line along which, from 1878 to the present time, we have come to the degree of prosperity and of development which we have reached.

THE NATIONAL POLICY A WIDE ONE.

My hon. friend had some criticism when the Premier, in a speech in Toronto, spoke of the National Policy as being wider than the tariff. It is wider than the tariff; we have always contended that it was. The tariff, giving a reasonable protection, was simply one part of the National Policy, which was adopted by this Government firmly and strongly and unitedly in 1878, but which was had in view, in part or in whole, long before 1878 by the chiefs and leaders of the party who put it in full operation in 1879. What was that National Policy to do for Canada? It was to amalgamate and weld together the different scattered territories of this country. That was one branch. It was to open these to settlement, and to transport on easy and quick terms. That was another branch of it. It was to build up the young industries of this country in order that the development of its resources might take place, in order

that this country might become, to a certain extent, a manufacturing country, self-reliant, giving employment, in large part, to its own people. This was also a component part of the National Policy. And this National Policy, drawn on these lines, was what the Government of this country placed itself upon in 1878, and it is that which it stands on to-day, although in part what was to be done at that time has been very largely done, especially as to the amalgamation of our territories and the opening up of our means and facilities for transport. We believed, in 1878, that a reasonable protection upon industries which could fairly have a chance to plant and develop themselves in this country, was the only means by which to lift the country out of the condition it was in in 1878—and we ought never to forget that condition; and, on account of that policy, great strides have been made along the lines I have referred to.

A REASONABLE PROTECTION TO BE KEPT.

So that the Government proposes—and it takes the people into full confidence—not to abandon the principle of fair and reasonable protection to the industries of this country. Now, as I said before, the Government takes its stand on the ground that all classes should bear proportionately equal burdens; and if, in the course of the investigation which is now taking place, and which will be continued for some further time, it is found that burdens press unduly on any class or section of the country, it will be the bounden duty of this Government to remedy that, and, if possible, equalize those burdens. If in the course of that investigation which is now going on, and which will be continued for some short time yet before a conclusion is reached, it be found that protection has been given to some industries which have no prospect at all of ever becoming fairly rooted in this country, it will become a question with this Government, whether or not it is not best to drop hot-house protection and give simply the reasonable and sufficient protection which is necessary in order to establish industries which, when established, will give some assurance of permanency and continued prosperity. These, then, are the present lines. To lighten the scale of taxation, in so far as possible, and in doing that,

we must make up our minds to pare down, as far as we possibly can, all expenditures that are not absolutely necessary for the service of this country; to refuse expenditure on works which it would not be proper for a wise and economical Government to set on foot and continue in the country; to, as far as possible, adapt the scale of protection to legitimate industries and to what is reasonably necessary in order to establish and protect them; to use the raw material of the country, in so far as it can be used, and to extend the free list as far as possible, consistent with the revenue requirements of the country, in order to bring about this lessened taxation and this lessened scale of protection, which, lessened and equalized in that way, may be just as effective, and more effective, after the change has been made, than it was before.

AN INVESTIGATION TO BE MADE.

What I want to state is this, that information has been gathered by the Government, particularly by myself, during the past year, and that information will be gathered during the coming season; that the Minister of Trade and Commerce and myself, with the two level-headed business men who control the Customs and the Inland Revenue, propose during the coming year not only to listen to the complaints and the pleas of people who come to Ottawa to see us, but we propose to supplement that by a personal inspection and investigation of the various industries of the country. We propose to go further. We propose that it shall not be said that only one class has the ear of the Government, but that every class, the agricultural, the artisan, the manufacturing, the producing, or any class, shall have abundant opportunity to make out its case before the Government or some member of the Government and to have its plea and its grievances taken into consideration, and that the action of the Government shall be based upon the conclusions thus arrived at.

THE TARIFF TO BE REVISED.

During the next session of Parliament we propose to be ready, when Parliament opens or shortly thereafter, to bring down a tariff for this country revised on those lines, which shall not—and I want to make that plain, so

that no feeling of panic may take place in the country—which shall not destroy and injure industries which are in this country to-day and which need reasonable protection in order to keep them up, but it will not assuredly, on the other side, give a measure of protection to any industry which will give it the opportunity of taking unduly from the pockets of the people by creating combines and monopolies, and thus making itself a burden instead of a benefit to the country. So much with reference to the future policy of the Government. We intend to be plainly and frankly understood. In that view, we ask our friends in the House to assist us in our investigation, by spreading the information broadcast, that every person can have access to the Government and can lay his plea before them, and that, having the benefit of their collective wisdom, we may arrive at a conclusion which shall embody the best for the country under its present circumstances and the best for the country in its immediate future. Certain things have been very strongly pressed upon us. Certain things have especially been urged with reference to their immediate remedy. Every person who undertakes the revision of the tariff, especially of a tariff framed on a protective principle, will very soon find out how, wherever he attempts to touch one single branch of industry in order to its relief and help, he immediately comes against the wires of other industries.

Some hon. MEMBERS. Hear, hear.

Mr. FOSTER. There is no doubt of it. We do not for a moment wish to leave that out of consideration. It is true, and it is a truth which prompts us to make haste slowly and to thoroughly consider all industries before we venture a conclusion and adopt a policy with reference to particular industries. So that, therefore, careful revision is necessary, and many pleas, fair in themselves, have had to be shut out this year. We ask these people to wait the conclusion of the coming summer, and of the general revision which is to take place, when they will find their grievances, if they are just, remedied, and their complaints, if meritorious, as fully and fairly met as the Government can meet them. But there are two or three things of which I specially desire to

speak, and which I would not wish to go over this session.

THE EXPORT DUTY ON LOGS.

A strong plea has been made with reference to the export duty on logs. Hon. gentlemen who live in the sections which, I may say, are most closely affected by that business, understand its acute nature, and all hon. gentlemen who have studied the course of the lumber resources and interests of our country, and who desire to see these lumber resources conserved, as far as they reasonably can be, have had their attention drawn to this matter as well. The facts of the case are to-day that a most wasteful, and, I believe, entirely unnecessary drain is being made on the timber resources of this country under present conditions. I know it is a most difficult matter to decide just how much of the drain should take place, and, when you have decided that, it is still more difficult to so regulate it that it will keep within those bounds; but, over and above those difficulties there comes the strong warning that Canadian lumber resources, which should last us for centuries, are in danger of being prematurely exhausted, and it is well that this matter should undergo most serious and calm consideration, utterly removed from partizanship and trade reprisals, or the like, upon its own broad and sufficient basis. And I wish to state here that, during the coming summer, the Government will take steps, the steps that are necessary and that are most fitting, to gather all the information with respect to these matters that it can, to submit to the House at its next session. And I desire also to state, so far as the Government is concerned, should this investigation lead it to take a certain course, it will not consider that it is debarred from taking the course that is shown to be imperatively necessary because any persons have, last year or this year, on the existing state of things, bought limits or invested in timber lands in our country. The supreme consideration must be our own forest resources, and how to preserve them. I am not saying what conclusion will be reached; I cannot say, because the full information is not before the Government or the House, but we merely wish to enter the plea that, if the revision should be deemed necessary it will not be considered by the Government to be

debarred by the fact that limits have been bought or purchases have been made on conditions which now exist.

THE DUTY ON OILS.

A strong agitation has been brought to the notice of the Government with reference to oils. We have heard that debated in this House. Hon. gentlemen on both sides of the House have taken divers positions with regard to this duty. No cool, reasonable man, on either side, having thoroughly looked into it, can come to any other conclusion than that it is a most difficult question. We have to do justice to an industry which has been, from 1868 particularly, the pet of Governments, so far as protection is concerned, which enjoyed the caressing care of the old Government before 1873, the kindly encouragement of the Government from 1874 to 1879, and the continued favour of the Government from 1879 up to the present time. This industry, though I grant you that it is very largely local, has a strength and power in its plea which appeals to every sentiment of a Canadian, and would move every Canadian to go just as far as he could in order to save the wealth and preserve the industry of the people, individually, who have carried on that business and are carrying it on to-day. On the other side, there is the claim of the consumers, who demand that the oil shall be reduced in price, and who ask that the protection which is now given shall be either entirely removed or reduced. I am not going to add to the discussion of that subject by going into the merits of the case. After hon. gentlemen who understand it have spoken as they have in this House, the merits of that question ought to be fairly well understood. I am simply going to say what position the Government take with regard to it. There is a straight protection on oil of $7\frac{1}{2}$ cents per imperial gallon, exactly equivalent to the 6 cents per wine gallon which was upon it before the present rate of $7\frac{1}{2}$ per imperial gallon was made. There is, outside of that, a condition imposed upon trade and transport which has the effect of protecting that industry to a large extent, possibly to the extent of 2 cents or 3 cents per gallon, arising from the fact that transport is limited to certain vessels and in certain directions, and that the oil is subject to inspection, of course.

This is outside of the straight protection, and what the Government propose to do, and they have thought over this matter very carefully, is to propose to this House that the transport shall be freed and that the straight duty shall remain for the present as it is. In that way, the abnormal and hidden protection, so to speak, will be taken away and transport will be left free to modern methods, and at the same time a large, I acknowledge it, and, I hope, a sufficient protection will be left to the industry, enough to serve it for the present at least.

BINDING TWINE.

One other question has been pressed upon the Government, and that is the duty on binder twine. This is complained of especially by certain sections of the country, by the farming class, almost as a unit. That question has been debated in this House, as well, and I am not going into its merits. The protection given to the industry in the United States is, I think, about $\frac{7}{10}$ cent per pound, with free raw material. In this country the material is free and the protection upon it at present is 25 per cent. A disadvantage from which the manufacturers suffer in this country is in our later harvest and the consequent fact that the surplus of the United States binder twine, known to be a surplus, being left over after their crop is gathered, is still in time to come into this country for use in binding our own crop. It is not, therefore, the intention of the Government to take away the duty on binding twine entirely. It is an industry in this country; it gives employment to several hundreds of people. I have examined into the question, and, so far as I can see, it is not a foreign monopoly, however strong and however close may have been, or to a certain extent is at the present time, the relation between the two. But I am bound to state this, that, as every one knows, a monopoly exists on the other side of the line. The industry is carried on in this country, notwithstanding the disadvantages I have referred to, and what the Government proposes to do is, while granting relief to the farmers and to those who use binder twine, at the same time to continue reasonable protection to the manufacturers. I shall propose to the committee that from and after the passage of the resolution, the duty on binder

twine be reduced from 25 per cent to 12½ per cent. There is still one other question; that is the question of mining machinery. You will remember that three years ago we exempted from duty for three years mining machinery such as was not manufactured in Canada. The term expires in March of this year. I propose to ask the House to extend that privilege on mining machinery for three years longer. In the revision for next year we will take this matter up, and it may be that it will be placed upon a different, but, I hope, no more unfavourable basis. Mr. Speaker, I thank you and the House for having listened so patiently to these lengthened remarks.

TUESDAY, 28TH FEBRUARY, 1893.

Mr. FOSTER. An apology is certainly due to the House, after ten days of a long discussion upon this tariff policy, for asking it at this late period in the discussion to listen a second time to any remarks from myself. However, it becomes necessary that I should say a few words, not only in reply to my hon. friend who has just sat down, but also in reply to several points which have been raised by hon. gentlemen who have spoken from the beginning of the debate until this time. Happily, I am not under obligation to occupy the attention of this House at very great length in that respect, for neither the cogency nor the novelty of the arguments which have been addressed to the House by hon. gentlemen opposite call for, in most cases, any lengthy reply; and I must also say that most of those arguments have been fully, fairly and completely met, not only many times before in this House, but during this present debate by hon. gentlemen who sit on this side.

IS IT FREE TRADE?

First, I wish to pay my respects for a few moments to the hon. gentleman who has just taken his seat. My hon. friend has been going about the country sounding the praises and trumpeting the coming triumph of free trade. To-night his vaunted free trade with all its breadth of vision and majesty of thought has resolved itself into trade with one country, to the exclusion, by restrictions, of trade with every other in the world. Before his Toronto and Hamilton audiences

he breathed the spirit of a wider atmosphere. He pointed to the battlefields of the United States, and he declared that there had been fought and won the second victory, not for "freedom of trade" as he haltingly tells us to-night, but for "free trade" and rising on the height and expanding on the breadth of that glorious victory for free trade in the United States, he unfolded the curtains of prophecy and declared that the third great country in the world to adopt free trade would be the Dominion of Canada. But to-night, Sir, my hon. friend talks small, very small, indeed. His vision is blinded to the wonderful commerce of Great Britain, his vision is blinded to the wonderful scope of a commercial world beyond the seas in every other country in the globe, and he is willing, for the sake of unrestricted free trade with the United States to raise a Chinese wall against Great Britain and every other country in the world. For in all his long speech to-night has he used two paragraphs of argument in favour of free trade, and has not his whole speech been an apology for unrestricted reciprocity, upon which he has already met significant defeat and upon which he will receive significant defeat yet in the future? The hon. gentleman did several things to-night. He was pleasant and sometimes witty, but at no time very forceful in his remarks on his arguments, if I am able to judge. He told a very good story about King James, but he showed he did not properly appreciate it, because he made the application wrongly. He should have made the application to himself and his friends, who have brought up these theories year after year, from commercial union to continental free trade, and although the people have not agreed with them, although the people have rejected them, although the people have conclusively resolved against them by their votes, yet hon. gentlemen opposite, like King James, still declare that these exploded theories are the only true ones, and they still deploy them before the public view again and again.

THE EXODUS.

The hon. gentleman found fault with a new law of gravitation, which, he said, I have discovered, and he compared me to a second Newton. There must be, he says, according to my doctrine, some centre of attraction out in the west that draws people inevitably from

the east towards the west. He said he did not believe that could be true, because the fact was that the people instead of going from east to west were going from north to south. I would advise my hon. friend to take a map and look along the lines of parallels of latitude running through Quebec, Ontario and New Brunswick and the United States, and he will find two trends of emigration or transfer, from this country and from the eastern states. He will find a trend going pretty nearly due west, along the same zone, along pretty nearly the same lines of latitude; and he will find a trend going from north to south so far as these provinces are concerned and to the United States on the south of us. My hon. friend, although he treated this in a light and airy way, and not at all, as I think, according to the merits of the subject, will find, if he deals fairly and honestly with it, that these trends are not fanciful, but they are real, that he cannot get rid of them by ridicule and by any pretended law of gravitation I have discovered or not discovered, for those two trends are absolutely fixed by two things,—land hunger, which takes people to the great prairies of the west, and employment hunger, which takes them to the crowded factory towns to the south of us. If there are 1,000 people who go from Canada to the west, 999 of them go from land hunger; and if there are 1,000 who go from Canada to the factory towns to the south, 999 go for employment to towns where industries hum, and where the wheels of the factories resound from day to day. My hon. friend may make fun of my theory of gravitation so long as he pleases; these are, I think, common sense facts, which he and other people will have to face, and of which most people will admit the force and cogency at once. If that be true, he must not ridicule me because I have explained the movement of population upon these two principles, upon those two sets of facts. I think he will find them to be true, and the two lessons I gather from them are, that Canada lost in the early migration, because she had not a great west of her own where people could appease their land hunger; and that if she loses her population in the other direction to-day, it is because we have not had, and have not sufficient factories and industries in order to give employment to the people who hunger

for employment. So much with regard to that point. The hon. gentleman, however, has found a scientific and philosophical reason, and it is this: People do not go west because they hunger for land, nor do they go south because of want of employment in the cotton mills and factories as so many of his own countrymen do. Oh, no, there is another reason: They go west, and they go south, for this, and this alone; that in this country they are sadly oppressed, and they fly south and they fly west to the land of freedom, where there are no burdens, and where all conditions are light and happy and peaceful. Now, that may satisfy my hon. friend, and he may prefer that, to my science of gravitation, but I doubt if there are many sensible men who will agree with him in that explanation. The people are oppressed here! In what way? By taxes? Why, the hon. gentleman exploded his own theory, because he proved to his own satisfaction, and he must have proved it to the infinite discomfiture of my hon. friend from North Norfolk (Mr. Charlton), and my hon. friend from South Oxford (Sir Richard Cartwright); he proved that the farmers in the United States of America, that the people of the United States, except the manufacturers, were ground down into dust and ashes by the fiscal policy of that country. Oppressed here because a moderate 30 per cent tariff is upon them; and they fly away where they can feel the lighter weight of a 60 per cent tariff! Oppressed here, where their direct taxes are light, and going there where they can have a lighter burden of three or four times the amount of direct taxation upon them! Why, my hon. friend must have taken leave of seriousness when he advanced an argument of that kind. Well, Sir, if he did not prove that this was true, to his own satisfaction, he evidently did prove to his own satisfaction that he told a witty and fanciful story, when he brought in that personage of old, who took up his time in counting 967 widows, and one doubtful one. What that may have had to do with the subject before us I cannot say, but I am bound to assert this: That if that solitary watcher had been my hon. friend who has just sat down, he would not have let that doubtful woman go until he had found out her exact status.

THE CENSUS FIGURES ON INDUSTRIES.

The hon gentleman hesitates to believe certain figures of the census. He is an eclectic, is my hon. friend. He takes up the Holy Bible, and he takes out one part of the doctrine and he says : That suits me ; I believe in the divinity and inspiration of the Scriptures. He turns over another leaf. Ah, this does not suit him, and he says : I do not believe in the divinity or inspiration of the Scriptures. He takes up the census returns and as he chants his doleful dirges about the exodus, and proves them from the census, ah then the census is divinely inspired, and it is authoritatively correct. There can be no doubt about its accuracy at all then, but when he comes to the industries, compiled under the very same rules, by the very same set of people, published in the same printing office, and under the auspices of the same Government, he declares that it is full of wickedness, and all hypocrisy, and he will not believe it at all. But my hon. friend cannot do that. As with the National Policy, which he talks about so often, and which he and his followers say must stand as a whole or go down as a whole, so it is with the census. It must stand as a whole or go down as a whole, and my hon. friend, according to the arguments which he uses, cannot simply take what suits him and leave what does not suit him. Well, Sir, the hon. gentleman says that we may have—the census states that we had—an increase of \$92,000,000 in the capital of industrial establishments ; but he says we do not know how much was watered stock, we do not know how much had been sunk before. I suppose if he looks back to 1881 he can make the same remarks with regard to the census of that year. Standing up in 1881, and looking at the increased figure of the amount of investment in these industries, he could have said then : You do not know whether that is right or not, a good deal of that represents watered stock ; it does not show what has been sunk before. Well, I think these things would probably be about even. If they hold in the case of the year 1891, they must hold with reference to the census of 1881, and, after all, the average deduction would be about fair.

FARMERS AND FARM VALUES.

But the hon. gentleman has a wonderful theory. I think he must have learned it from

my hon. friend from South Oxford (Sir Richard Cartwright), who has lately picked up some wonderful phrases : Displacement of wealth is not the creation of wealth. I will come to that a little later. My hon. friend's theory is : That though there may be an increase in the industrial establishments, there has been a wonderful decrease in the value of farmers' lands. He says it is 25 per cent, taking it all through, and to his own satisfaction he states that there is a decrease of \$125,000,000 in the gross. He proves himself as observant and as particular in that respect as did the lone watcher for these 967 widows. He declares that the farmers have lost \$125,000,000, which more than over-balances this gain of \$92,000,000 for the manufacturers. Well, let me ask : Have the farmers' values decreased because the cotton mills and the sugar refineries, and the iron foundries, and other industries have been built up, have carried on certain establishments, paid certain wages, and thereby provided a market for the farmers' products, and added to his returns ? Is that the reason ? In other words, would the farmers' value in lands have advanced, or have been kept from this depreciation, if there had been no cotton mills and no iron foundries in this country ? I think not. I think that you will find that in every town where there is an enterprising community they are anxious for the establishment of industries within the precincts of that town, and a town or city is alive to-day every time that a certain industry is looking for a location. They give bonuses in order to get that industry within their limits. Why ? Because they feel that if industries come, and capital builds them up, men and women are employed, and thereby the markets of the surrounding country are helped by the extra demand for the products of the soil. So, Mr. Speaker, I think that my hon. friend has committed a perfect non sequitur in that case. \$92,000,000 advance in the industrial capital invested ; \$125,000,000, as he says, depreciation in farm values, and the one, he tells us, is the consequence of the other. Sir, if he is correct in what he says with reference to the \$125,000,000 depression, had we had no industries in this country, that \$125,000,000 might have been \$200,000,000. But, Sir, my hon. friend saw the weakness of his argument, and as he attempted to prove that this depression in

farm values came from a protective tariff, so he logically was obliged to go on to show that the same thing took place in the United States. That was a hard and cruel task for my hon. friend. Where were his bowels of mercy? Even at that very moment, he looked straight into the eye of the hon. gentleman from North Norfolk (Mr. Charlton) who, the other day, took hours to prove that the farmers of the United States were prosperous to a maximum, and that their lot was as happy and as peaceful as it could be. Here comes on my iconoclast friend to-night, and, without a shred of pity, without a single impulse of sympathy, he knocks to pieces the house which my hon. friend had erected, and declares that in the United States of America the farmers' lot is terrible. He read out the picture, as dark as Erebus, darker than the Shades, and yet may I put this statement to my hon. friend: That any time this last four years, at any time this last five years, while the vulture of this ultra-protection in the United States was eating out the liver of the farmers, while that was the case, at any time within these five years, my hon. friend would have led the farmers of Canada into the very same conditions, and under the very same tariff. My hon. friend cannot deny that. Well, he saw that there was another flaw to his argument. Then he cited England, to which he declared his opponents would point where farm lands have depreciated. Now, there is no protection in England, and he could not give that reason for the depreciation there. The sequence of his argument would lead him inevitably to this: that if a lesser degree of protection in Canada destroys the farmers to a certain extent, and if a larger degree of protection in the United States destroys them still more, where shall we find the paradise in which they do not suffer the same depreciation and destruction, but in which they are prosperous and happy? Evidently in a free trade country; and the hon. gentleman should have been able to point to the happy and prosperous lot of the farmers of Great Britain. He could not do it. If the farmers in the United States have had hard times, harder than we, and if our farmers have had hard times, yet, if you want to find the hardest of hard times, the most depressed of depressions, the most unhappy situation of agriculture, you have only to go to Great

Britain, the home of free trade. But my hon. friend had to find a reason why his argument did not work there, and of all reasons he gave one which I should have supposed he would have been most careful to steer clear of. What is his argument? Land, he says, is all monopolised in England at least it used to be; the noblemen have got it; the aristocrats have made deer parks of it; they will not allow the land to go into cultivation; and what should be the effect? That the little land that does go into cultivation ought to rate at high values. That is the inevitable result of his argument; but the hon. gentleman says that these aristocrats gobble up the land and hold it for deer parks, and if a farmer has an acre of free land or land that he pays a rent for, these aristocrats carry their spiteful feeling so far that they grind him down with taxation. The argument will not work. The hon. gentleman showed how the rental price of land in England has diminished; but if he will read more on that subject, if he will go to England and travel there, he will find that to-day land owner after land owner offers to tenants their land without the rent of a single penny if they will only keep it in order and take care of it, and pay its tithes, and they cannot find farmers to take it even at that price. That is so; I know it to be true. Well, Sir, it is a favourite method of argument with hon. gentlemen opposite that when they cannot find real men to knock down they will set up straw men to knock them down; and so my hon. friend, having foundered on the argument in regard to the farm values, gravely declared that the National Policy had for its promoters men who held forth to the people that the National Policy would bring the price of wheat up to \$1.50 per bushel. Well, Sir, it may be that some misguided person in an exuberance of enthusiasm on the stump in a moment of weakness may have said it would do this. Hon. gentlemen opposite have their moments of weakness in that respect. I myself have heard them make some most astounding prophecies and promises, which have never been, and cannot be, fulfilled; but I am not going to say that because some few of them failed in that direction the whole party propaganda must absolutely rest or fall upon the fulfilment of those prophecies. Neither is it fair for my hon. friend to say, and he cannot put it forward seriously, that

because some person said that the National Policy would make wheat go up to \$1.50 a bushel, therefore, the National Policy, not having done that, wheat not being at that price now, the National Policy is a failure and ought no longer to be sustained. Now, he declares openly, and he has done it often, that no legislation can increase the price of wheat or other cereals. By the way, I must ask my hon. friend to take particular care of his new adherent, his youngest recruit, the hon. member for L'Islet. I had the curiosity to read that hon. member's card, which he issued to his constituency. He read it to us here the other night. What is the first line of it? The hon. gentleman pledges himself to have legislation introduced which shall raise the value of the farmers' products, and he also pledges himself that the hon. leader of the Opposition will leave two or three columns standing in the temple of the National Policy. Now, I want to ask my hon. friend if he has had an understanding with the hon. member for L'Islet? Did he really agree and authorize him to say he would introduce legislation to raise the value of the farmers' products? What are the columns that he is going to let stand in this temple of protection? I will leave that between my hon. friends. I have no doubt that they will come to an agreement before this session is over. But, Sir, how would free trade, suppose we had it to-day, increase the prices of the products of the farm? You say that the price of wheat is low to-day—why? Because the production of wheat in the world, measured by the demand, is greater in proportion, and consequently the price falls. Bring in free trade, and what is it going to do? Blast a certain portion of the wheat fields; make the quantity less, and thereby bring it closer to the demand, and thus raise the price? That is the only way it can be done. But my hon. friend may have had a fear of that, and so is not going to introduce free trade, but only unrestricted reciprocity.

THE FARMERS' TAXES.

In that case I am afraid that the hon. gentleman would only fall on the horn of his own dilemma, for he declares that once protection is introduced down goes the value of land, while he promises the farmers that under unrestricted reciprocity, which means a higher protection and greater restriction

than we have now, the value of land and land products will rise. Well, Sir, there was a vein running through my hon. friend's remark which is not a new one. It has been a sort of gospel on the part of all hon. gentlemen opposite. They have, as my hon. friend from Charlotte would say, "taken a great cant towards Biddy." They have "taken a cant" upon the line of solicitude for the farmer, and if there is one thing that they preach to-day it is the farmer's depressed condition, and they propose to be the only saviours of the farmer by means of the policy which they desire to bring in. Now, Sir, my hon. friend goes too far in his statement with reference to the farmers. He is too solicitous. The Liberal-Conservative party and the Liberal-Conservative Government know the farmers' condition as well as my hon. friend, and they do something for the farmers, while hon. gentlemen opposite merely talk about them, declaring them to be depressed, and pauperized, and drawing gorgeous pictures of what they would do for them if they were only in power. Is it true that the farmers, as a class, are oppressed by taxation? It is not true. Is it true, as my hon. friend said to-night, that the farmer pays taxes on all that he eats, on all that he wears and on all he consumes? What folly that is, and I will show you why. The farmer requires wood to build his house and his barn. Does he pay a single cent of taxes on the wood in this country where we have a surplus with which to supply the wants of other countries? The farmer requires fuel to give him warmth after he has built his house, and, in nine cases out of ten, he uses the wood of the country as fuel. He cuts his wood in the winter, and brings it to his farm-yard, and keeps himself warm with it. Does he pay any tax on that wood? He uses coal, and every ounce of anthracite coal he uses, which is the coal most largely used for fuel purposes, is free of taxation; and in great portions of this country, bituminous coal lies at his very door, at first cost or almost free, for his taking it at the mouth of the pit. My hon. friend is wrong as regards fuel, and he is also wrong as regards food. It is absurd that we should have to meet an argument of that kind. What our people eat are the grains of this country, the best in the world, and of these we raise a surplus. What they eat are the meats of Canada,

the best and firmest in the world, and of these, too, we have a surplus. Our people also consume our butter and cheese, and Canada can make cheese equal to that of the best cheese-producing country in the world, and butter equal to the best butter in the world. The eggs of the patient hen, so much derided by my hon. friend, are meat and food to the farmer, and great quantities are consumed by the labouring men. Is there any duty on those? So we might go through everything that the farmer eats. What does he pay a tax upon in the matter of food? He pays a tax on his mustard and allspice and cinnamon and cloves and things of that kind, and a few cents per quarter would represent the bulk of the duty he pays upon these, as far as his consumption goes. He pays infinitesimal duties on sugar the raw sugars having been made free; and, under the state of things which exists this year, he pays less for his sugar than he would if we had no National Policy. We have taken the farmer's food; let us consider his drinks. What drinks he ought to drink, according to my opinion, are free. His water, tea and coffee are free. If he desires to drink anything stronger—which is optional with himself—it is a luxury he takes, and he has to pay for it, and we will have a tax on that so long as Canada is a country. So my hon. friend must revise his dictum, as far as the food is concerned. The principal items of the farmer are the wood, the brick or the stone he uses in the construction of his buildings; the fuel he uses, the food he consumes, and, in all these particulars, which are the main items of his necessary expenditure, where is the country in which the farmer has so bountiful a supply at his own doors and at so small a cost? Go a little further, and consider his clothing. There is a large number of farmers in this country, whose ordinary clothing is made of the wool shorn from the sheep they themselves raise. The fleece is washed in the running brook, taken to the nearest carding mill, and the yarn is spun by his own wife, and woven on his own loom, or that of the factory near by, and the product is made into garments for himself and family. There are thousands and hundreds of thousands of people in this country who are thus clothed, but my hon. friends do not see them. They are not in

touch with the farmer. They keep all their eyes for the city people who dress in broad-cloth. They roam about the streets of the large towns and villages, and see only people who are dressed in tweeds. If they would get in touch with the people, would use their eyes and go among the working classes, and would visit the back settlements, they would find the gray home-spun coats and trousers made out of the wool shorn from the sheep the farmers themselves have raised and the wool of which was carded in the settlement. Go to your cottons, if you please, go to your woollens, if you wish, and I make the assertion here that the woollen and cotton staples, mostly used by our people as clothing, are, taking quality and price together, as reasonable in price as they are in any country in the world. Taking quality and price together, these goods, which are really serviceable for wear—not clayed cotton, not shoddy woollens or tweeds or the like—but, taking them for wear and quality and price, you will get them in Canada equal to any country in the world. Taking all things into consideration, the farmer pays the minimum of taxation; and I say to you that there is no country in the world where the farmer pays less taxation than he does in this country upon all those staple articles which go into the consumption of his daily life.

REVENUE AND TAXATION.

We must look out as well for these gentlemen when they talk of the load of taxation. Taxation in this country is of different kinds. Hon. gentlemen opposite say that \$36,000,000 is what we wring in taxes from the pockets of the poor people of Canada. What a fraud that is as an argument—calling that taxation and making the people, who know no better in some cases because they are not learned in figures, believe that a straight tax of \$36,000,000 is taken out of them. That statement is not true. Of that amount \$10,000,000 is for liquors and tobacco, and no man would get up in this House or any other Anglo-Saxon House of Parliament and ask that these articles should be made free. So long as a revenue is needed, a revenue will be raised upon them. They are not necessities, but luxuries, and the man who buys them buys them with the knowledge

that he is paying into the revenue, and when he does, it is a voluntary and not an involuntary tax. Then there are \$8,500,000 of earnings in this country. Are you taxed when you put a letter in the post office box with a three-cent stamp on it, and get some person to carry it 5,000 miles for you? I think not; I think you are getting your service done, and paying very cheaply for it. Are you taxed when you buy your ticket and get on a railway, and are whirled from Levis to Halifax or St. John? I think not, for you get the cheapest travelling on the Intercolonial Railway that you can get anywhere. All that goes into these earnings. It is not taxation, but payment for a cheap service and a good service as well. Add these together and there are \$18,000,000. Add also the acknowledged luxuries, \$2,500,000, and you have \$20,000,000 of this which is not necessary taxation at all, which is either perfectly voluntary, or simply a cheap payment for good service. Now, that should be told. I hold that he is not a friend of his country, that he is an enemy of his country, who will, by keeping the truth from the people, raise discontent in the minds of the people—

Sir RICHARD CARTWRIGHT. Hear, hear.

Mr. FOSTER—and, if there is any man in this House that ought to say “hear, hear” when I mention that, it is the hon. gentleman who sits opposite me, the member for South Oxford (Sir Richard Cartwright). For, if there is any man in this House who has roused so much discontent and has driven so many people out of the country as the hon. member for South Oxford has by those ingenious diatribes of his, I should like to know who he is. But, Sir, my hon. friend has a brand new gospel; he brought it out to-night. He is going to have a new order of things, a political millennium—all to himself, I am afraid. What does he say? The leader of a party, speaking in Opposition, rises in his place and in a loud voice and in a tone that can be heard from Cape Breton to British Columbia, proclaims the new evangel. What is it? “Taxation is an evil which never produces prosperity; it is an abridgment of every good citizen's rights.” Now, my hon. friend's duty is plain. He is the leader of a powerful party. Sometime in the by and by, may be the long by and by, he may

get into power. But I want to impress this upon him, that when he gets into power he must practice the doctrine he preaches, and govern this country without placing upon the people, if he is true to his gospel, this evil which he declares never produced prosperity and which is an abridgment of every good citizen's rights. Sir, that doctrine in a leader of the Government would be arrant foolishness, but in the mouth of an irresponsible leader of an Opposition it is a firebrand. It is a doctrine by which he hopes to win the favour of people who know less about it than he does by inspiring them with the hope that when the Hon. Wilfred Laurier rules this country there will be no taxation at all, none of this evil, “which never produced prosperity and which is an abridgment of every good citizen's rights.” Now, does my hon. friend seriously believe what he says, or does he speak on the spur of the moment—in a moment of weakness, perhaps?

Mr. McMULLEN. We do not have them on this side.

Mr. FOSTER. Now, if my hon. friend will keep his wind-mills quiet—

Mr. DAVIES (P.E.I.) One is enough.

Mr. FOSTER. One at a time. Well, Sir, my hon. friend when he emitted that aphorism, that wise saying must have been undergoing a peculiar process of absorption from my hon. friend from South Oxford (Sir Richard Cartwright), because my hon. friend from South Oxford, not once or twice or two hundred times, but two thousand times, has declared in this House and in the country that we cannot create prosperity by means of taxation. Why, he said the other night that the Minister of Finance might as well get up on a steeple and jump off and then try to hold himself up by his boot strap as to try to induce prosperity by means of taxation. Well, the Minister of Finance has too much regard for his own life to try such acrobatic feats as that, but that trick would not be a whit more absurd than the doctrine my hon. friend has announced. Suppose we go down to Nova Scotia, to the Basin of Minas, and see the muddy waters of the basin when the tide is in and notice afterwards, when the tide is out, the portion of land from which the water has retreated and which is covered with the stratum of fertilizing soil left there by the

outgoing water. Suppose a municipality there says: Why, this is very valuable, or might be made so. Here is a tract of one thousand acres of land no one of us is able to reclaim it; but as a municipality we will raise a sum of money by taxing ourselves and we will build a dyke that will inclose this thousand acre tract. They do that; they pay the taxes for one year, for two years, for three years, for five years; they raise the money; they expend it; they battle with the waves; they make the dykes, and you go down there a year or two afterwards and see a thousand acres of the best soil in the world, with its waving grass that brings a perennial income over and above the taxes imposed to pay for this improvement. Yet my hon. friend says that taxation is an evil and an abridgment of every good citizen's rights, that you can never create prosperity by taxation. Maybe you cannot create prosperity or wealth by it, but you certainly bring the unused wealth, you certainly bring the national resources, formerly comparatively valueless, into a state or condition in which they yield revenue, which could not be done without taxation. So it is with every state, with every country. When the North-west was not known; when it was a terra incognita to us, and we conceived the idea of buying it from the Hudson's Bay Company, and did buy it, and paid our \$1,600,000 and taxed the people for it, my hon. friend would have told us: You cannot produce wealth by means of taxation. But we paid the taxation to buy the North-west and by means of further taxation we opened it for settlement. But the thousands and millions of acres of fertile land which now and in the future lie open to the sunlight and the breeze with their golden crown of waving grain, will be a standing refutation of the theory that you never can produce wealth by means of taxation. But my hon. friend is not going to have any taxation; freedom, he says, is the goal. My hon. friend says that we must not talk of reforming the tariff, that it is idle for me to attempt it, that I dare not attempt it, that I dare not touch the principle. Hon. gentlemen opposite seem to forget one thing, and that is, that there is a line of distinction between a principle and a detail of that principle, that there is a distinction between the tree and the twig on the tree. Suppose my hon. friend was a husbandman. He would go

out into the orchard and find a beautiful fruit tree, and as he went up to it, would see some golden fruit upon it. But he would notice here a branch which was mouldering, to use a word which has come into vogue of late. He would find a sucker growth coming out from a part of the tree where it should not be allowed to grow. He would find a branch deformed and gnarly. My hon. friend is the kind of husbandman, who, if he went into the orchard and saw a tree of that kind would promptly take his little hatchet and cut the tree down. My hon. friend is not a good husbandman, consequently he would do that sort of thing, but the real husbandman would look at that tree and say: A fine tree; a good trunk and fair branches; still some mouldering branches and some growth that should not be there. And he would take a sharp knife and carefully cut off the deformities and would leave the tree more beautiful and capable of producing more fruit. This husbandman would enjoy thereafter the fruits of his skill, while the husbandman who would act as my hon. friend, would be cast by the owner into outer darkness, and condemned ever after to listen to the doleful wailings of a party who are commonly called in this country, Grits.

UNRESTRICTED RECIPROCITY AND ASSIMILATION OF TARIFFS.

My hon. friend says that it is false that they ever proposed an assimilation of the Canadian tariff to the United States tariff. Well, my hon. friend has a short memory. If I were to treat this argument with him as he treated the \$1.50-a-bushel-of-wheat argument I would convict him of insincerity at once; and I am not sure that I could not bring it very close home to him if I had here the notes and the speeches that have been made. I will, however, admit this, that my hon. friend had sense enough to know from the first that that was the weak point, and the rock upon which the whole scheme would split, and he was very wary of speaking of it, or coming within touch of it. But my hon. friend cannot have read the American press, he cannot have read the utterances of American statesmen, if he does not know that almost without exception the press and statesmen of the United States have declared that any scheme of unre-

stricted reciprocity between this country and the United States, is impossible, except upon an assimilation of the tariffs of the two countries. I can give authority after authority, by the hour, for that statement. Everybody knows it.

Mr. CHARLTON. Produce one now.

Mr. FOSTER. I am not going to weary this House or insult its good sense by producing it; but if my hon. friend has a thirst for information, I will give him my book to-morrow, and he can read for an hour the opinions of the American statesmen and American newspapers in that direction, and in that direction alone.

Mr. CHARLTON. You ought to have come here prepared to verify your statements.

Mr. FOSTER. Sir, I will have something to do with that hon. gentleman before I get through. My hon. friend says that no Liberal has said so, that no United States adherent has said so. I have made my assertion with reference to that, and I invite him to examine the records to see whether it be not true. Well, my hon. friend was not satisfied to leave well enough alone. If he had left that point with the simple assertion that no Liberal had said that they would assimilate the tariffs, that no adherent of the United States had said so, it might have gone on the strength of his word. But my hon. friend went into the dangerous course for him of undertaking to reason, and the further he reasoned, the more effectually he destroyed his own contention. My hon. friend said—and there he touched the weak point at once—that if there was a little lower tariff in one country than in the other, the tendency would be to import goods from the country which had the lowest tariff and smuggle them into the country which had the higher tariff. Then my hon. friend from Prince Edward Island (Mr. Davies), who so valiantly denied the assimilation of tariff the other night, is on record as saying that it must be so, and that the United States people are not such arrant fools as to submit to a scheme of reciprocity in which there is not an assimilation of tariffs. My hon. friend has stated the weak point, and I invited him, as I have invited them again and again, to show to this House how they are going to arrange unrestricted reciprocity with the United States, and discrim-

ination against other countries, without an assimilation of tariffs. The hon. gentleman cannot do it, and there is not a level-headed man in the United States who has expressed himself on this subject, who is not in disagreement with him on that point. Well, Sir, my hon. friend has one strong adherent, a man of whom not much has been heard in United States politics, a Mr. Campbell, of Ohio. My hon. friend declared that Mr. Campbell was a host, and that Mr. Campbell had declared himself in favour of reciprocity; and he brought out a sheet of paper with a very long extract upon it, which he read to the House as Mr. Campbell's offer of reciprocity. What was it? It was an agreement between two foolish young people named Maude and Claude that they would kiss each other. Now, does my hon. friend know not that he is trifling with the question and trifling with this House when he declares that the Democratic party is going to give us, and is willing to give us, a reciprocity treaty upon the ground of a simple story told by Mr. Campbell with reference to Maude and Claude? My hon. friend has declared that the Democratic victory in the United States has been a victory for the freedom of the trade to this extent, that it is going to do away with all tariff for protection, and introduce a tariff for revenue alone. My hon. friend declared in the same breath that in Canada he was going to do away with all protection, and introduce a tariff for revenue. Now, when the United States gets down to a simple revenue basis, and my hon. friend gets Canada down to a simple revenue basis, where will be his basis for reciprocity between the two countries?

LEADS TO ANNEXATION.

My hon. friend says that unrestricted reciprocity does not lead to annexation. He knew that a trusted leader of his had declared himself in a different direction, and so he read to fortify himself a few words of what Mr. Blake said on one side, and a little more of what Mr. Blake said on the other. Mr. Blake's evidence is strong evidence whenever it can be quoted against my hon. friend, because in heart he was with the other side, their trusted leader for many a year; and when he was their leader every man of them fell down on his knees and

worshipped the superior ability and acumen of Mr. Blake. If Mr. Blake, the trusted leader of the party had so to wrench party affiliations and go against the course of a lifetime, as to break with that party, if Mr. Blake's familiar, and chosen, and hot duty, for years was to rake, with his strong shot, the ranks of the Liberal-Conservative party, any bit of evidence that Mr. Blake gives against the Liberal-Conservative party is in the line of all his wishes, while every bit of evidence that he is forced to give against the party with which he was so long associated, is something wrenched from him unwillingly, and consequently of priceless value in comparison with the evidence given against the other side. Mr. Blake may have thought that the Conservative policy of protection would lead to annexation; but he declared in language that admits no doubt, that unrestricted reciprocity would certainly lead to annexation. He said:

I see no plan for combining the two elements of permanency of the treaty and variability of tariffs, which does not involve a practical control of the latter (tariff) by the United States.

The tendency in Canada of unrestricted free trade with the States, high duties being maintained against the United Kingdom would be towards political union.

Thus far my hon. friend read and then he stopped. But Mr. Blake went on to say:—

And the more successful the plan the stronger the tendency, both by reason of the community of interests, the intermingling of populations, the more intimate business and social connections and the trade and fiscal relations amounting to dependency, which it would create with the States; and of the greater isolation and divergency from Britain which it would produce; and also, and especially, through inconveniences experienced in the maintenance and apprehensions entertained as to the termination of the treaty.

Our hopes and our fears alike would draw one way. We would then indeed be "looking to Washington."

The treaty once made the vantage ground it gave would naturally be used for the accomplishment of its ulterior purpose; and this political end would be a great factor in the consideration by the States of Canadian views upon changes in the joint tariff, or as to the maintenance or termination of the treaty.

The reorganization to which our neighbours look is, of course, the unification of the continent.

That is Mr. Blake's opinion with reference to the tendency of unrestricted reciprocity, and every sentence is an irresistible argument in that way. Mr. Blake went on to say:

Without assured permanence some Conservative predictions of evil, else fallacious, would come true; for our undeniable natural advantages in raw materials, labour, situation and facilities would be unnaturally handicapped.

No manufacturer, looking to the continental market, would fix or even enlarge his capital or business in the country of five millions at the risk of being cut off from the country of sixty-five millions.

Our neighbours, instead of engaging in manufactures here would take our markets with goods manufactured there.

And our raw materials, instead of being finished on the ground, would be exported to be finished abroad.

That is Mr. Blake's opinion, the opinion of a trusted leader of their own, a man who, because his party had taken up the fad of unrestricted reciprocity, was wrenched from his allegiance to that party, and obliged to give reluctant testimony, albeit strong testimony, against the fad and policy which they had adopted.

DISCRIMINATION.

But my hon. friend says that the strongest objection of all to the unrestricted reciprocity plan is discrimination. He admits that discrimination must be had, but he actually had the assurance to follow in the wake of the hon. member for North Norfolk (Mr. Charlton) and the hon. member for Queen's (Mr. Davies) and base his argument that discrimination would be allowed—upon what? Upon the George Brown draft treaty, which, in 1874, was negotiated by him at Washington. Those three hon. gentlemen, one after the other, have tried to give currency to an idea which is as false in fact as any thing can be, namely, that the draft of 1874 discriminated against Great Britain and that, too, with the consent and approbation of the British Government. I do not charge them with knowing it is false. What I charge them with is, that they who ought to know that it is false, declare that it is true, and on the assertion that no discrimination was either intended or permitted in that Draft Treaty, I stake my reputation as a public man in this country, and I am willing to stand by my statement, and those three gentleman have either misunderstood or have misrepresented the whole thing. I ask the attention of this House while I prove it. Sir, it can be proved from a variety of circumstances; I am simply going to take the chain as I find it. I find that the treaty was negotiated in 1874; George Brown was the man who negotiated it; Alexander Mackenzie was the Premier of this country at the time. He himself signed the memorandum, outlining the nature of the reciprocity negotiations which were to be followed by George Brown. What does he say? After going over the other provisions, he says:

In the matter of reciprocal trade considered by itself, there is no reason to doubt that Canada would derive very great advantages from an extension of the list of articles named in article 3 of the former treaty, such as follows:—Manufactures in wood, agricultural implements, salt, mineral oils, bricks for building, bath-bricks, calcined plaster, burnt lime, manufactured articles not produced in or exported from England, ochres, ground or unground.

That was on 9th March in the memorandum which was to guide George Brown, and it expressly confined the list to manufactured articles not produced in or exported from England. Let us go on to the second step. The second step will be found in the Minute of Council, approved on 26th March, 1874, in which we find this passage—it must be remembered that at his time the United States were pressing for a manufactured list wider than that suggested :

Sir Edward Thornton's despatch to His Excellency the Governor-General of a late date, indicates a desire on the part of the United States to extend the list of articles named in the Treaty of 1854, so as to embrace the articles of the manufactures of the two countries. The Government of Canada will be willing to agree to such reciprocity—to include manufactures in wood, such as sashes, doors, blinds, pails, tubs, barrels, matches and various other articles of a like nature—agricultural implements, bath-bricks, bricks for building purposes, calcined gypsum or plaster lime, earth ochres, ground or unground, and generally, all manufactured articles not produced in or exported from Great Britain to this country, together with such other articles as the Imperial and Dominion Governments may mutually agree upon, or as may by mutual arrangement be entered at a fixed duty to be specified in the treaty. It is, however, understood that no proposition affecting the introduction of manufactured goods shall be finally determined upon prior to reference to the Imperial and Dominion Governments. As a natural production, salt may be added to the former free list.

The same careful desire was extended at this second stage of the proceedings to exclude articles in regard to which a discrimination was likely to occur in respect to Great Britain, and every precaution was taken afterwards that if this article were extended, it should only be after reference to the two Governments. The Order in Council goes on to say :

Mr. Brown will communicate this view to Sir Edward Thornton, accompanied with the representation that the Government of Canada do not propose any modification in matter of trade and commerce which would in any way injuriously affect Imperial interests.

That is another stage. On 23rd April, 1874, Earl Carnarvon signs a despatch to Earl Dufferin, in which he says :

After consultation with this department, Lord Derby sent a telegram to Sir E. Thornton, informing him that the proposed paper might be submitted to Mr.

Fish, but that the proposals should not be made as being the result of the matured decision of Her Majesty's Government, but as preliminary only, and Sir E. Thornton was desired to explain this to Mr. Fish.

Further, this shows the spirit of the instructions, the actual instructions, the prudent care taken that those instructions should not be exceeded, the spirit of the instructions being that there should be no discrimination against Great Britain. That is one set of facts. Now, Sir, I wish to adduce another proof. I suppose the treaty itself may be taken as showing what the treaty means. I challenged my hon. friend the other day to read a single clause of that treaty which made it a condition of the treaty that the articles which were admitted free from the United States into Canada should not be admitted free to Great Britain or any other country. He could not read it, he cannot read it, because it is not in the treaty. But he attempted to make this argument, that although it was not in the treaty, yet it is common sense to believe that if they had made a treaty between each other, whereby certain articles were to come free into each country, with no other word or sentence qualifying it, that necessarily it must be confined to those two countries. The opposite is the exact truth. But I desire to carry the argument further. There is another article in the treaty which provides for a most-favoured nation treatment. Why do they insert most-favoured nation treatment, if the treaty itself gave the United States a preferential market, with a discrimination against Great Britain in regard to the articles mentioned, and which are set out in another article, which hon. gentlemen can read, and which I will not trouble the House by reading ? It is an article providing that, if any more favourable considerations are given by the United States to a third country, or by Canada to any third country, the same shall be given by one country to the other.

Mr. DAVIES (P.E.I.) Will the hon. gentleman read the paragraph which he says provides a more-favoured nation clause with respect to articles named in the treaty ?

Mr. FOSTER. I will read the clause, which is as follows :—

For the term mentioned in Article XIII no other or higher duty shall be imposed in the United States upon other articles not enumerated in said schedules,

growth, produce or manufacture of Canada; or in Canada upon such other articles the growth, produce or manufacture of the United States, than are respectively imposed upon like articles the growth, produce or manufacture of Great Britain or of any other country.

These two articles go together. The first one is explicit in saying that the two countries shall exchange certain products, and there is no article in the treaty which says there shall be a preferential treatment given to each other. And then the commerce between the two countries is extended on the same amicable line to articles which were not mentioned therein to provide for most favoured nation, but not preferential, terms to either one or the other. Now, Sir, my contention, so far, is this: That the spirit of the instructions all the way through was to prevent discrimination against Britain, and that, when a treaty is made, the treaty makes no mention of discrimination against Great Britain. Then I come to George Brown's testimony. George Brown ought to know as much about it as any other man. George Brown made that speech after all the schedules had been submitted, after the treaty had been completed as far as it was completed, and with full knowledge of the articles in the schedule, which he read in his speech only two minutes before. George Brown read the very schedule that my hon. friend read to-night, and then, after reading that, he expressed himself in this way, as to certain objections urged against the treaty.

The first of these objections which he referred to was that the treaty discriminated against Great Britain, and in favour of the United States.

He declared this objection to be unfounded, and proved it by saying:

It was perfectly understood from the opening negotiations that no article could be free from duty in regard to the United States, which was not also free with regard to Great Britain, and nothing else was ever contemplated for a moment.

Now, Sir, if George Brown had said that, after the first schedules had been handed in, there might have been some ground for the argument of the hon. gentleman; that he spoke about a subject that he was but half through with in the negotiations. But George Brown made the statement after the draft treaty had been concluded, and after he had just read to the Senate the very schedule of manufactured goods which my hon. friend read,

and George Brown distinctly states that it was never contemplated for a moment, and that actually no discrimination was allowed in that treaty against Great Britain. My hon. friend thought that he had lighted upon an argument which helped him out, and he read the report of the Board of Trade upon this draft treaty which had been submitted to by Lord Derby. Lord Derby, who knew the whole tenor and spirit of all the negotiations, knew that assurances had been given to him by the Canadian Government that no discrimination should be allowed against Great Britain, and knew that every step in the work of that treaty-making had been under the direct supervision of that Imperial Government. The board of trade reported what? They reported that they found nothing against the treaty, as it was submitted. They did not mention discrimination. My hon. friend put that in as an aside afterwards, as though they had that in their minds, but the board of trade made that report upon the data of the schedules before them, and the promise that these articles mentioned in the schedules should be free to Great Britain as well as to Canada. But, Sir, if George Brown did not know anything about it, and if my hon. friend the leader of the Opposition thinks he can asperse the character and veracity of the Hon. George Brown, who made as positive a statement as a man could make, and made it with all the knowledge of the facts; perhaps my hon. friend will allow that Lord Derby ought to know something about it. Well, Sir, at that very time, almost at that very moment, there was a fear in England that this treaty as regards this schedule was going to discriminate against Great Britain, and representatives of various trades headed a deputation to Lord Derby and waited on him, and expressed their fears, and implored his intervention in the matter, and what did Lord Derby say?

It was the bounden duty of Her Majesty's Government to insist that British free trade should not be placed at a disadvantage as compared with other countries, in any treaty which might be entered into on behalf of the colonies; also to forbid the imposition of differential duties in favour of the United States as against Great Britain in any such treaty.

And he further assured the deputation:

That there was nothing in the proposed treaty to warrant the conclusion that the Canadian Government were in favour of such a discrimination.

Mr. LAURIER. What is the date?

Mr. FOSTER. 1874.

Mr. LAURIER. What month ?

Mr. FOSTER. I cannot give you the month.

Mr. DAVIES (P.E.I.) That is important.

Mr. FOSTER. It is important. But, is the date more important than the substance of what is said ?

Mr. DAVIES (P.E.I.) Yes, because it is important to know whether he made that statement before he referred the treaty with the schedule to the board of trade, and got the board of trade's answer that we could discriminate if we pleased, and the English Government would say nothing against it.

Mr. FOSTER. The board of trade never said that.

Mr. DAVIES (P.E.I.) And then his despatch following, in which he said, with the board of trade statement in his hand, that he approved of the treaty.

Mr. FOSTER. The board of trade never stated what my hon. friend asserted just now. My hon. friend is satisfied to crawl out of a very small hole, and the hole he proposes to crawl out of to-night is this : that because he cannot have the exact date and hour, upon which this utterance of Lord Derby was made, therefore, he impugns its accuracy with reference to this treaty. What did Lord Derby say ? He assured the deputation :

That there was nothing in the proposed treaty to warrant the conclusion that the Canadian Government were in favour of discrimination.

He said, in addition, that :

It was the bounden duty of Her Majesty's Government to insist that British trade should not be placed at a disadvantage, and also to forbid the imposition of differential duties in favour of the United States as against Great Britain in any such treaty.

And yet my hon. friend tries to get out of all that by asking me for the exact second in the exact hour, and the exact dot to which the minute hand or second hand of the clock pointed, when that statement was made. Well, as I have said before, there is no excuse for such dense ignorance in this matter. The member for North Norfolk (Mr. Charlton) stated the other day that he had been discussing this question for fifteen years, and so also have other hon. gentlemen

on the other side. If they are such poor students as not to know the facts, they are poor political leaders to whom to trust the interests of a party still less of a country. This has been frequently threshed out in the papers. We know that the Hon. Alexander Mackenzie time and again gave the same assurance, and the Toronto "Mail," in discussing this matter, said :

We are authorized by the Hon. Alex. McKenzie to state that Mr. McDougall is entirely mistaken in stating that discrimination was suggested or proposed or permitted under the treaty of 1874.

Sir, I have done with that, after having made the argument, I again make the assertion : That no discrimination was intended or was made in that treaty. If my hon. friend has nothing better by which to recommend to the people the adoption of a scheme against which he declares discrimination to be the chief factor of objection, than a baseless assertion like this, his case is lost, and he need not go to the country upon it. The hon. member for Queen's, P.E.I. (Mr. Davies) made another statement the other night equally without foundation, in order to prove that discrimination on another occasion had been proposed. He declared that Sir John Macdonald, the political godfather of the Liberal-Conservative party, had sent Sir Alexander Galt, and three others, in 1865, down to Washington, and through them had offered to assimilate the Customs tariffs of the two countries, which he contended was parallel in principle and in details to what he and his friends propose to do under unrestricted reciprocity. The hon. gentleman made that statement along with the others, and it shows an equal lack of investigation and an equal lack of accuracy. I have before me exactly what was proposed, in a minute made in memorandum by Sir Alexander Galt and his confrères. It was when they were trying to have the treaty of 1854 extended, or something else put in its place. They went down, and they found the temper of the people at Washington against renewing the old reciprocity treaty. One of the strongest objections urged against its renewal was this : That, owing to peculiar internal taxes in the United States, the Americans insisted on a larger impost upon the articles which had formerly been in the treaty list in order to equalize the exchange between the two coun-

ries; and the proposition made by Sir Alexander Galt, and his confrères, was this:

The trade between the United States and the British provinces should, it is believed, under ordinary circumstances, be free in reference to their natural productions; but as internal taxes exceptionally exist in the United States, it is now proposed that the articles embraced in the free list of the reciprocity treaty should continue to be exchanged, subject only to such duties as may be equivalent to that internal taxation. It is suggested that both parties may add certain articles to those now in the said list.

If the foregoing points be satisfactorily arranged, Canada is willing to adjust her excise duties upon spirits, beer and tobacco, upon the best revenue standard which may be mutually adopted after full consideration of the subject; and if it be desired to treat any other articles in the same way, the disposition of the Canadian Government is to give every facility in their power to prevent illicit trade.

Memorandum "B" was given as an answer by the United States delegates. They give a list of the articles in the treaty of 1854, and upon all of them they put less or greater duties, which they desired Canada to pay in order to compensate for the disadvantage they claimed to be under on account of their internal taxation. In memorandum "G" which followed, Mr. Galt replied:

In reference to the memorandum received from the Committee on Ways and Means, the provincial delegates regret to be obliged to state that the proposals therein contained in regard to the commercial relations between the two countries are not such as they can recommend for the adoption of the respective legislatures. The imposts which it is proposed to lay upon the productions of the British provinces on their entry into the markets of the United States, are such as, in their opinion, will be in some cases prohibitory, and will certainly seriously interfere with the natural course of trade. These imposts are so much beyond what the delegates conceive to be an equivalent for the internal taxation of the United States, that they are reluctantly brought to the conclusion that the committee no longer desire the trade between the two countries to be carried on upon the principles of reciprocity. With the concurrence of the British Minister at Washington, they are therefore obliged respectfully to decline to enter into the engagement suggested in the memorandum.

That is all there is to that. It affords not the shadow of an argument in favour of discrimination, or in favour of assimilation of tariffs between the two countries. Now, Sir, I have exhausted my own patience, and I suppose the patience of the House, and yet there are two or three points which I feel I must touch upon.

MR. CHARLTON'S ASSERTIONS.

The hon. member for North Norfolk (Mr. Charlton) stated, the other day, that the Government had asserted, when they went to the people in 1891, that

they would certainly get a reciprocity treaty from the United States, and that on that assertion, which he declared had no foundation in fact, we had fooled and deceived the people, and gained the election. I am anxious for honest and fair debate in this House, and in my anxiety for it I gave my hon. friend a chance to retract the strength of that assertion, and I supposed he would like a man, say: Well, that was a little too strong; you did not actually assert that, but you left it to be implied. But my hon. friend would not take advantage of that opportunity, and not once, but twice or three times before he finished his speech, he declared that we had actually asserted that we would be certain to get a reciprocity treaty, and that we had carried the country on that cry. Now, I give my hon. friend another opportunity to retract that statement.

Some hon. MEMBERS. Oh.

Mr. FOSTER. He will not do it. I am not surprised at that; but what does surprise me is that hon. gentlemen who sit beside him on the front benches will stand by him in his refusal to retract a statement which he did not prove and which he cannot prove. When he was asked to produce his authority, what did he quote? He quoted the Toronto "Empire." The Toronto "Empire" is not the Government. He had not stated that the Toronto "Empire" had declared thus and so. He had said that the Government had actually said so and so. But even when he read the extract from the Toronto "Empire," it appeared that the Toronto "Empire" did not say it; and he actually struggled through the whole extract without showing one single syllable or line which could bear out the assertion that he made. The hon. gentleman went on, afterwards, to declare that the draft treaty of 1874 was an actual and square discrimination on all fours with what was proposed under unrestricted reciprocity. Sir John Thompson gave him an opportunity to take that back. He asked a certain question as to whether the Hon. George Brown had made a statement, by way of denial. But the hon. gentleman never answers a question squarely. He did not answer that; but he went off on a side shift. Now, Sir, there are two examples of an hon. gentleman choosing to argue against his opponents

by actually falsifying the record, and when he was given an opportunity of putting himself right, utterly declining to put himself right. And he not only stated that in the face of members in this House who could judge of its falsity, but his speech goes out to the world, and it will be by and by, I suppose, printed in pamphlet form, as are all his speeches, and be sent out to a larger constituency, and men will read, and men will say the Canadian Government is a bad Government. Why? Because they declared in 1891, that they were certain to get a reciprocity treaty, they went to the people on this declaration and they did not get it; because they declared against discrimination and that the British Government is against discrimination, and yet, in 1874, discrimination was actually allowed and acceded to by Great Britain. And men will say, we cannot support a Government which can be guilty of such deceit as that. And when asked, why do you come to that conclusion, they will answer: Because Honest John Charlton said so, because Mr. Charlton is a Christian, because he is an elder of the Presbyterian Church, because he is a stickler for the Sabbath, because he is a man who pretends to great goodness, and is truly good, and John Charlton would not say this unless it were so. We will base our political action on what John Charlton says, because we believe in his honesty, I must say that that is a propaganda which ought not to be carried on—not as between parties, for I am not speaking now merely of parties—but as between the man and the people who read what the man says. My hon. friend is very much against the captain of a tug taking hold of a little string, and allowing the shrill whistle of his tug to rend the solemn stillness of the Sabbath morning. I would rather that he would rend the solemn stillness of the Sabbath morn, by letting the tug blow its horn 10,000 times, than that he would offend against the compact upon which society can alone be maintained—truth between man and man; and yet, Sir, if that captain of the tug told a lie to his mate, the minimum of wrong would be done. He would have sullied the purity of his own heart, he would have outraged the confidence of his neighbour; but these two would be the only ones concerned. But what is to be said of a public man who would make

these utterances without any shadow of foundation, and who, when given a chance to take them back and set himself right, will not do it, but will spread them as propaganda broad and wide throughout the country. That is not the kind of political warfare that ought to obtain.

MR. DAVIES AND THE WASHINGTON CON-
FERENCE.

The hon. gentleman sitting near me, my friend from Prince Edward Island (Mr. Davies) erred in the same way, I am bound to say through ignorance, as no public man, especially one who proposes to be the leader of the Maritime provinces, ought to err. My hon. friend from Queen's (Mr. Davies) leaned towards me as he spoke; and in that melodramatic manner of his, so well known, always full of vehemence, whether there is anything behind it or not, deliberately accused me of falsifying the record. He reminds me of one of those instruments which, when wound up, cannot be stopped until it runs down and the last clanging note of which makes a greater noise and at greater speed than any preceding revolution. My hon. friend commenced, just after he was wound up, by saying: you said what was not so, but I do not accuse you of doing it wilfully, as you had a certain bias naturally in your own mind which came out in your statement, and, therefore, your statement is not quite correct. But before he got to the last he put it in plain language, and declared that the Minister of Finance had deliberately falsified the record. What record? My hon. friend talks of records. What records? He had in his hands a document. Presented where? To the American Senate. What was the document? A letter. From whom? Mr. Blaine. My hon. friend had before him the statement made a year ago in this House, on the authority of a Minister, in the presence of the two-fellow Ministers who went to Washington—a statement which is longer and fuller than that made by Mr. Blaine. He chose to ignore that evidence and to take the other as the sole record and the sole evidence. Does it make any intrinsic difference whether I made my statement in the privacy of my room and presented it in writing to the House, or whether I stated it in the Budget speech,

as my report, made here as a responsible Minister of the Crown, weighing my words and making my statement, as I believed it to be true? What fairness was there in taking Mr. Blaine's letter as the only record, as if my statement were not equally a matter of record? The hon. gentleman in his speech said that Mr. Blaine in his letter included every single thing that took place. How did he know? He does not know. All the probabilities are against Mr. Blaine having written in that letter a record of every thing that took place. As a matter of fact, he did not write one-fifth part of what took place. He recorded no protocols; there were none. He simply placed a letter in the hands of the President, giving in a few sentences his recollection of the conference as bearing on the request of Congress and of what he should report. That was a record, and mine is equally a record, and a fuller and longer one than that. It is reserved for a Canadian, and a person in Opposition, to declare the statement of a Canadian co-member false, and take without question the statement of Mr. Blaine!

Mr. CHARLTON. Do we understand the hon. gentleman to assert that the statement made by Mr. Blaine is false?

Mr. FOSTER. My hon. friend has risen in a very stately way and has intoned in a very grave voice, but he is altogether ahead of the record. If he will sit still, I will tell him.

Mr. CHARLTON. Say yes or no.

Mr. FOSTER. In the first place, I think the House will take it for granted that my hon. friend is wrong in saying that Blaine's letter detailed everything that took place. Does he still hold to that assertion? Again let me ask my hon. friend if he did not say that I probably might be a little misled from bias in my own direction. Am I alone human, and was Mr. Blaine alone superior to human frailty? Was there no humanity and bias in the Secretary of the United States, which might incline him to give a report in the line of his own wishes? Honestly and fairly, was he not as liable thereto as myself, and yet his statement is taken as a strictly unbiassed report and mine a falsification of the record, unworthy of credence. Now, my hon.

friend put a question to me a little while ago, which I will answer, for he (Mr. Davies) said—I can read his words if he doubts me—that the Secretary of State, Mr. Blaine, emphatically denied Mr. Foster's statement. Will my hon. friend point out one sentence of Mr. Blaine's which denies one single statement made by me? Put the two records side by side. I say more than Mr. Blaine did; Mr. Blaine says less than I did. I said everything that Mr. Blaine said—I do not mean just in exactly the same language, but I treated every one of the points he treated—but he did not treat all of the points that I did. Mr. Blaine stated that the first proposal made was for reciprocity in natural products, with such extensions and qualifications as the altered circumstances required. I stated that; we agree in that point. Mr. Blaine stated that a list of manufactured articles was to be included along with that of natural products. I stated that the line must be in natural products and manufactures generally. There is a divergence, but that is all. Mr. Blaine stated that there must be discrimination against Great Britain; I stated there must be discrimination against Great Britain. In all these particulars we are exactly alike or we are very close together. For, the rest, I make statements and deal with subjects which Mr. Blaine does not touch, but which were discussed in the conference that took place, and discussed for some considerable time. Now, I ask my hon. friend, whether he has been quite fair to me in representing Mr. Blaine as having recorded all that took place, as giving the only record that should be relied upon, and refusing to take my statement as a record of the case, in refusing to look upon my statement as worthy of credence, at least, equally with that of Mr. Blaine. At least he should give me the credit that he felt disposed to give in the first part of his address, when he said that I had not wilfully misrepresented. I know that when the hon. gentleman reads what he has said and thinks over the matter, he will feel that he has been unfair to me in that respect, as no man should be to his fellow member, sitting opposite to him in the House of Commons, where all men are supposed to be gentlemen. Now, Sir, I have not one word or one syllable to retract of the statement I made last year on that point. I stand by it;

I stand by it entirely ; I stand by it without any mental reservation ; I stand by it in the presence of my colleagues who were there with me. And I ask this House to judge of the sense of fairness of that hon. gentleman who can find the only authoritative statement on the part of the stranger and refuse all credence or credit for honesty to his fellow citizen and his fellow member.

WHAT THE OPPOSITION WANT.

Now, Sir, I wish to say a word or two in closing, with reference to the general subject. I find that I have been kept close to the points which have been made to-night or recently, and that I have not touched the general points which I had hoped to deal with, which were made during the debate. I close with this simple thought, and I ask the attention of my fellow members on this side of the House, and I ask the attention of the country as well. These hon. gentlemen may not be very well agreed as to what they want, but they are perfectly agreed as to what they are against. When you come to sum up the expressions of the foremost men as to what they want there is a wide divergence of opinion among them. They agree as to their positive faith in very few principles, and in other respects there is a wide divergence. The hon. gentleman for South Oxford (Sir Richard Cartwright) believes in unrestricted reciprocity ; he wants access to the United States markets, and believes that it is the only salvation for Canada in the line of development and permanent prosperity. The hon. member for North Norfolk (Mr. Charlton) is determined to devote his life to getting unrestricted reciprocity. The hon. member for Queen's, P.E.I. (Mr. Davies) is less definite and precise. He has found out that it is the best sometimes not to say too much or say it too positively, so this time he harks back considerably, and he sums up his policy in this wonderfully positive and definite form : " We desire the broadest treaty possible consistent with the commercial and political independence of Canada." The hon. member for South Brant (Mr. Paterson) had a little good humoured chaff with me because, he said, I was indefinite in my statement ; but he capped the climax of indefiniteness. He declared : " I want the freest possible trade with the United States, consistent with the dignity, honour and stability of both countries." He is much

dissatisfied with me because I stated that I would do the best for the whole country. He determined to be very definite, and this is his definition. I can see my hon. friend going from this House and meeting a farmer, one of those depressed farmers of whom he speaks, and the farmer says : Mr. Paterson, you are just down from the Legislative halls. I know you are a very learned man, and a very famous politician ; I know your keenness of vision and your breadth of comprehension. I want to know whether you are going to get me the market of the United States ? And the hon. gentleman will satisfy the burning thirst of that poor, depressed farmer by saying : All I can tell you is that I want the freest possible trade with the United States consistent with the dignity, honour and stability of both countries. Then he will meet one of those prosperous manufacturers of his own town, who will come to him with anxiety in his face, and say : Now, Mr. Paterson, what is to be the end of this matter ; are we going to have reciprocity, and if we have it, as you say we must, are we to be mercilessly exposed to competition with the United States ? And the good member will draw himself up to his full height and say : I cannot tell you whether it will be that way or not ; but I can tell you my faith and creed—I want the freest possible trade with the United States consistent with the dignity, honour and stability of both countries. And so he will satisfy every one of his constituents with that most definite and positive statement and, if in his town they do not put up a monument sacred to the great N. P., I am sure they will put up a monument sacred to the positive clearness and definite conception of the great W. P. The member for Bothwell (Mr. Mills) is the most conservative of all. He says he is not for revolution, he would not hurt an existing industry. He wants a custom revenue and would like to see the man who could be elected in any constituency on a policy of direct taxation. He wants no independence or annexation talk, and he thinks that man no friend of Canada who talks independence or annexation at this time. Yet he has sitting very closely to him a gentleman who has been talking independence in the last few months. And the hon. member for L'Islet (Mr. Tarte) has two planks in his policy. One is that legislation should be had to increase the profits of the farmers—

Mr. TARTE. I never said or wrote anything of the kind.

Mr. FOSTER. If my hon. friend—

Mr. DAVIES (P.E.I.) Take it back.

Mr. FOSTER. No; let me have a little conversation with my hon. friend. If my hon. friend will turn up the "Hansard" and look at the report of his speech, and if he will look at the manifesto that he read and which he gave to his county, he will find these two statements in it, or else I cannot read French.

Mr. TARTE. Perhaps that is it.

Mr. FOSTER. Perhaps that is the reason. I will leave it to him. In that manifesto he said that he is going in for such legislation as will raise the value of the farmer's products, and that Mr. Laurier, if he comes into power, will leave two or three columns still standing in the temple of protection.

Mr. TARTE. I never wrote or never said anything of the kind.

Mr. FOSTER. Then it must be my bad French. I will look that up, and if I find I am wrong I will withdraw it with great pleasure. That is what my hon. friends say on the negative side.

WHAT THEY ARE OPPOSED TO.

Now, I want to draw the attention of the House to what these gentlemen say when they come to the positive side. Here there is no hesitation; there is no lack of definiteness. Their propaganda is plain and firm, and I want it to ring from one end to the other of this country. What is their propaganda? The hon. member for South Oxford says:

Our policy from first to last has been to destroy this villainous system of protection; I care not whether we cut its head off, or cut its tail off, or cut it in two in the middle—what I want to do is to destroy it.

There is no indefiniteness about that. The hon. member for North Norfolk (Mr. Charlton) says:

Protection, Sir, notwithstanding all that may be said in favour of it, is neither more or less than a species of slavery. It is a system as indefensible, upon the broad principle of justice, as slavery. It is absolutely and unconditionally slavery.

That is plain; no round-about method in that. My hon. friend from Prince Edward Island (Mr. Davies) says:

We have been attacking this policy year after year. It is a cursed system, accursed of God and man. It must be cut down, and not allowed to cumber the ground.

And to make a long story short, the hon. leader of the Opposition declared to-night that his policy was the destruction of every vestige of protection, by bringing the tariff down to a simple revenue basis. Now, Sir, I am glad to have read these statements, and I am glad to have them so heartily applauded by hon. gentlemen opposite. They will not hereafter try to get away from these expressions of their opinions. Now, I ask my hon. friends in this House who believe in the principle of protection, but who may have some grievance now and then, and here and there, with the tariff; I ask them to weigh these assertions; for whatever the proposition that these gentlemen are putting before the House to-night for us to vote upon, it is with the spirit and the purpose of utterly destroying the principle of protection in this country. A man may have a grudge, may have an objection, to some particular excrescence upon the tariff; but he may be at the same time a firm believer in the principle of protection, and may wish to see it survive in this country. I warn such men as those in this House and in the country from playing into the hands of hon. gentlemen opposite on the ground that their present proposition is a harmless one. By one way we have come up to our large commercial and industrial development in this country, we have in these last few years done wonders in the development of our industrial life. Strangers who come here, and people who study our history, acknowledge it frankly and freely. We who live in this country know the blessings that have come from this policy. It may be a fact that to-day there are excrescences upon this policy, that there are details which ought to be carefully examined, and which ought to be made right, that there are certain respects in which the tariff should be reformed. Hon. gentlemen opposite have cast a doubt upon the good faith of the Government in respect of honestly revising the tariff. I stand here to-night to say that what I stated in this regard was stated with the consent of all my colleagues, and in perfect good faith. I ask the country

outside to watch carefully, and not be misled by any phrases that these gentlemen may use; but to understand that it is a struggle in which the existence of the principle of protection in this country is at stake. If hon. gentlemen opposite, having set the battle on these lines, push it to the front, and push it to the finish, this country may wake up some fine morning and find its industries destroyed, its factories closed, its employment of labour discontinued, and multiplied disasters coming upon many a section of this country from Cape Breton to British Columbia. In the proposition before us to-night they put it mildly. It is a little economy, a little revision, and a little of something else; but you must look at the motive that inspires them. A British sovereign held out in the hand and placed within your palm is a good thing. You can buy food and clothing with it; but the same British sovereign pressed tightly upon the opening of your wind-pipe will bring death, and bring it quickly. Outside of these assertions of ultimate pur-

pose on the part of hon. gentlemen opposite the proposition before the House may combine features which are in themselves harmless, some of which may be right; but it is a coin which is meant to strangle the principle of protection and destroy it in this country. I ask hon. gentlemen to weigh carefully these matters; to weigh them when they come before the people; to have them put right upon every hustings, and in every assembly in this country, so that people may vote with their eyes open to the full consequences of their action; and if, after doing that, it be found that this battle, pressed to the finish, as it will be, results in a victory for the principle of free trade rather than protection, so be it; but I have a firm and abiding faith that the way to victory does not lie by that path.

OTTAWA

Printed by S. E. DAWSON

Printer to the Queen's Most Excellent Majesty

1893

CANADA

BUDGET SPEECH

DELIVERED BY

HON. GEORGE E. FOSTER, D.C.L., M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

TUESDAY, 27TH MARCH

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WAYS AND MEANS—THE BUDGET.

Mr. FOSTER moved :

That the House resolve itself into Committee to consider the Ways and Means for raising the Supply to be granted to Her Majesty.

He said : Mr. Speaker, I shall have to crave the indulgence of the House to-day for a more lengthy hearing than usual, and to bespeak the kindly attention, even a more considerate attention, which I could scarcely ask, than hon. members have generally given me, owing to the magnitude and length of the task which is set before me. In the first place, I will as briefly, as plainly and as definitely as possible, lay before the House the statement of the finances of the preceding year, with the usual remarks and observations with respect to the current and succeeding years, and after that, will proceed to explain the tariff recommendations with which I have been intrusted, and which I am to present to the House. I do not intend to make any pretense of a speech in the statements that I am to place before the House, but I desire to do my work in the shortest and most business-like way possible.

REVENUE FOR 1892-93.

Last year, it will be remembered, I gave no detailed statement of the probable revenue to accrue during the current year, but gave a gross estimate amounting to the sum of \$38,000,000. The actual revenue has exceeded the estimate by \$168,608, the Customs

overrunning the Customs receipts of the preceding year by \$452,944, the Excise overrunning the Excise receipts of the preceding year by \$422,267, and the miscellaneous revenue or earnings overrunning those of the preceding year by \$371,526. So that the excess of revenue from these three sources, besides being \$168,608 more than was estimated, shows \$1,246,737 in advance of the revenue of the preceding year. The principal items in which the revenue increased, briefly stated, are as follows :—

Breadstuffs	\$ 20,495
Cement	17,797
Copper, and manufactures of	12,028
Cotton	181,419
Fancy goods	26,252
Flax, hemp and jute, and manufactures of	18,910
Furs, and manufactures of	7,191
Gloves and mitts	7,123
Gold and silver, and manufactures of	10,684
Hats, caps and bonnets	30,278
Iron and steel, and manufactures of	86,280
Lava	28,166
Oils, coal, kerosene, and products of	30,874
Silk, manufactures of	92,138
Spirits and wines	164,918
Tobacco, and manufactures of	22,025
Wool	213,826
All other dutiable goods	41,169

The items of decrease were :—

Ale, beer and porter	21,071
Animals, living	16,113
Carriages	25,187
Carpets and squares	12,445
Coal and coke	7,150
Earthenware and china	11,593
Fruits and nuts	16,558
Fruits (green)	38,681
Jewellery	7,407
Musical instruments	12,281

Paper, and manufactures of	\$ 9,902
Provisions, viz. : butter, cheese, lard and meats	107,647
Sugar, all kinds of	67,493
Sugar, mollasses	8,456
Vegetables	9,942
Wood, manufactures of	17,042

The movement in excise is shown by the following comparative table of the quantity taken for consumption and duty accrued on excisable articles in 1892-93 as against 1891-92.

	Qty., 1892.	Qty., 1893.	Duty, 1892.	Duty, 1893.	Increase in 1893.
Spirits	2,578,973	2,747,597	\$ 3,873,801	\$ 4,139,306	\$ 265,505
Malt	46,425,882	50,082,751	928,517	1,001,655	73,138
Cigars	104,521,493	114,668,809	623,952	681,628	57,676
Cigarettes	40,147,200	42,870,100	62,933	64,305	1,372
Tobacco and snuff	9,872,166	10,000,062	2,356,904	2,379,812	22,908
			7,846,107	8,266,706	420,599

The duties accruing in 1892-93 as compared with 1891-92 show an increase in spirits, in malt, in cigars, in cigarettes, in tobacco, and snuff; that is, along the whole line, and amounting in all to \$420,590. The per capita consumption of these articles as revealed by the report of the Controller of Inland Revenue is :

	Spirits.	Beer.	Wine.	Tobacco.
	galls.	galls.	galls.	lbs.
Average from 1867	1.120	2.768	.137	2.152
do do 1891-92	.701	3.516	.101	2.291
do do 1892-93	.740	3.485	.094	2.314

There is a slight increase in tobacco over the average, and over the consumption per head, of the year 1891-92. The House will see, then, from what I have stated that the remarkable fact about the year 1892-93—and I think it is a fact well worth noting just here—has been the extraordinary recuperative power which has been exhibited; a recuperative power which in Canada has been in marked contrast with the history of greater countries, and I may say, in fact, with all the great nations of the world. For, whereas these other countries have during the year 1892-93 experienced exceedingly great disturbances of trade, with a falling off in exports and imports, and a falling off in revenue as well; the fact remains that as far as trade is concerned, as shown by the Custom House revenue, as far as excise is concerned, and as far as the earnings, the miscellaneous revenue of the country are concerned, there was an increase in each item; a considerable and a steady increase over the

year preceding, which, as the House may remember, marked the highest period which had been attained from Confederation up. These facts, I think, are worthy of consideration and of note at this time, showing as they do the healthy condition of trade in Canada as compared with other countries, showing the increased consumptive power of the people, showing also, if we will look into the returns, an augmented and expanding energy in the industrial work of the country as marked by the increase in raw materials, which in 1892-93 have been imported for working up in these different industries. Another gratifying fact about the year 1892-93 is that the miscellaneous receipts of Canada increased by the sum of \$371,526, showing that the earning power of these investments of the Government has kept steady and gradual pace with the trade of the country and the improvement of the country in other respects.

Sir RICHARD CARTWRIGHT. I do not want to interrupt my hon. friend unnecessarily, but will he give details of that? Has he got the details there?

Mr. FOSTER. The details are given in the Public Accounts in full under the head of "Miscellaneous," so that I have not troubled the House with them just here. I wish to state that these receipts have shown a gratifying increase for a number of years back. They amounted in 1867-68 to \$1,987,247, and by 1873-74 they had grown to \$4,075,907, or an increase of 105 per cent. In 1878-79 they had decreased slightly, remaining almost at the figure they were in 1873-74. In 1892-93 they had bounded up from four millions of dollars to \$8,847,241, or an increase over 1878-79 of 118 per cent. The increase in the

earnings, or miscellaneous receipts of 1892-93 over those of 1891-92 was \$371,526, as I have stated, or $4\frac{1}{3}$ per cent. The rate of taxation on home consumption entries of dutiable goods last year was 30.28 per cent; on the total of goods imported for home consumption dutiable and free, it was 17.38 per cent, thus showing a decrease in the percentage raised on goods entered for consumption, both dutiable and free, from 21.21 per cent in 1889-90 to 17.38 per cent in the year which has just passed. Whilst, therefore, the other colonies of Great Britain have felt very acutely the commercial depression, the loss of revenue and the loss of trade in the year 1892-93; and while that has been felt also by the great countries of the world, Canada, perhaps, without exception amongst the countries of the world, shows an increased trade both in imports and exports, and an increased revenue of one and a quarter million dollars over the preceding year 1891-92.

EXPENDITURE FOR 1892-93.

Coming now to the expenditure for the past year, I stated about a year ago, or a little more, that my estimate of expenditure for the year 1892-93 was \$36,500,000, whereas the actual expenditure was \$36,814,052. The income was \$36,168,608, so that the total expenditures on consolidated fund account taken from the total revenue on Consolidated Fund account, leaves, what has been a pleasant and recurring experience in the administration of the present Government, a tidy surplus of \$1,354,556, to be carried to capital account. The increase in expenditure in 1892-93 as compared with the preceding year was \$48,158. That, however, is a very small increase when you take into account the increased interest on the debt, the increased sinking fund charges, the large quarantine expenditure to which the country was put, the mail and steamship subventions which have been added to, and the increasing demands for the various public services of the country. In fact it is well for the House to remember just at this moment, that from 1887 to 1892-3 there has been almost a stationary expenditure upon Consolidated Fund account. In the year 1887-88, \$36,718,494 was expended, and in 1892-93, \$36,814,052, or an increase of only \$95,558, and the average of the ex-

penditure for the six years from 1887-88 to 1892-93 was \$36,599,312, the expenditure during those six years being, as I have said, about stationary. So that it would not be anything more than pardonable for me and for the Government, and for the party which supports the Government, to take note of the fact, and to emphasize it—that, in six years of Canada's growth, with services over a widely extended range of country constantly growing, and new ones constantly coming to the front, and in a time of progress and competition, when those services have to be generously met, we have been able to meet them, and have been able to keep the country's expenditure on Consolidated Fund at an almost stationary figure, and to have a good surplus each year to carry to capital account. Coming to capital account, the expenditure for this year has been in excess of the expenditure of last year, mainly owing to the extraordinary expenditure for the finishing of the Sault Ste. Marie Canal. The expenditure upon railroads and canals, chiefly, of course, on canals, was \$2,782,490; on public works, \$181,877; on Dominion lands, \$115,038; making altogether \$3,079,406, as against \$2,165,700 for these items the year previous. If you add to this amount railway subsidies, which total \$811,394, as compared with \$1,248,215 the year preceding, you have a total capital expenditure, adding some few miscellaneous items, of \$4,039,673 during the year just past. Taking from that sum the surplus of \$1,354,556, taking also from it \$2,095,513 applied to sinking fund, which, of course, is laid up against the debt, taking also \$40,000 received from the city of St. John, we have as an addition to the debt the sum of \$549,605, as against an addition to the debt last year of \$3,332,403; another evidence of careful financial supervision and careful and prudent expenditure. The expenditure on capital account, has been met by temporary loans and by the issue of stock, the temporary loans made for this purpose amounting to \$1,460,000, and the stock issue amounting to \$1,186,403. So much with reference to the capital expenditure.

Sir RICHARD CARTWRIGHT. Will my hon. friend state from whom he borrowed the \$1,460,000?

Mr. FOSTER. The Bank of Montreal, our financial agents, which, I think, took

most of the Treasury Bills, although they have been assisted somewhat by other London houses.

REVENUE AND EXPENDITURE, 1893-94.

Coming now to revenue and expenditure for 1893, I must frankly say to the House that I cannot present so favourable a statement; but the statement, such as it is, and exactly as it is, I intend to give. The revenue and expenditure up to the 10th of March of the present year, and of last year respectively, were as follows:—

Revenue to 10th March, 1894.	..	\$25,096,000
do do 1893.	..	25,771,000
Expenditure to 10th March, 1894.	22,633,000	
do do 1893.	22,235,000	

Last year from the 10th of March to the 30th of June, revenue accrued to the amount of \$12,397,000, and expenditure was incurred to the amount of \$14,579,000. If I were to calculate on the basis of receiving as much money from revenue from the 10th of March this year up to the end of it, as was received during the same period last year, and making an equal expenditure, the figures would stand in this way, that we should have a revenue of \$37,493,000, and an expenditure of \$37,212,000. But I cannot expect so large a revenue from the 10th of March this year to the end of the year as we received last year. The year 1892-93, as I have stated, was a remarkably steady, and, in fact, a progressive year. The progress, so far as the revenues were concerned, remained remarkably steady up to about the middle of December, 1893. From that time to the present the revenues have shown a gradual decline, due to two causes: First, to a general apprehension throughout the country that there was to be a change in tariff conditions, and what followed from that, naturally and logically, a general prudent restriction of expenditure, and waiting to see what the tariff would be before making large purchases or undertaking large expenditures. This, I have no doubt, has been the principal cause of the temporary recession of the revenues. There has been, however, I think, another cause, which is this: Though this country stood remarkably well the stress of the hard times and the commercial disturbances which the world experienced in 1892 and 1893, and seemed to have passed through them without visible effect upon our trade or revenue, we are

now feeling the reflex or dying influences of that world-wide depression and period of low prices, and it has had and is having the effect in Canada—for a period short as yet, and which I believe will not be of long duration—of making people prudent in expenditure and careful and conservative in their purchases. These reasons lead me to think that the revenues will be considerably less during the year 1893-94 than the revenue which accrued in 1892-93, and from present appearances I do not anticipate more than thirty-six and a half or thirty-six and three-quarter million of dollars. If the expenditure from the 10th of March to the end of the year should be normal, that would leave us with a deficit; but this Government has come to the conclusion—a wise conclusion, which I think will be echoed by this House, and in which the Government will have the co-operation and cordial help of the House—to endeavour to live during this year within our income, and, if our income is less, to resolutely keep down the expenditure, so that in the end we shall not have that unwelcome visitation which so often made its appearance to my hon. friend who sits opposite me—an ugly and ill-visaged deficit. A prudent business man, any prudent business concern, any private gentleman, any householder, would take that course of action; and in the national housekeeping it is equally incumbent, it seems to me, to follow the same course. It is fortunate that we have come pretty closely up to the limit of our capital expenditure upon great works. Three months from to-day, if our calculations are not wrong, will see Canadian vessels passing through the Sault Ste. Marie Canal, and an uninterrupted channel of communication for Canadian and other vessels, totally within Canadian waters and Canadian territory, from the centre of this continent out to the seaboard. We have spent a large amount of money upon our general canal system and upon the Sault Ste. Marie Canal. This last expenditure will be finished by the end of the year, and what remains will be the deepening and widening and other improvements necessary to the St. Lawrence canals and river, which will not cost a very large sum and will not extend over a very long period of time. Therefore it is fortunate that at this particular time, we are nearing the end of extraordinary expenditure for heavy

public works and coming to a period when our revenue must more nearly equal our expenditures on Consolidated Fund account, so that we shall have to borrow less for the necessary capital expenditure which, from time to time, will have to be made.

Mr. CHARLTON. What expenditure is deemed necessary on the St. Lawrence canals, and what depth of water is it proposed to provide?

Mr. FOSTER. That is a question which more particularly pertains to my hon. friend who sits beside me. I am not prepared to give an estimate, but I think somewhere in the neighbourhood of \$8,000,000 or \$10,000,000 is supposed to completely finish the work and give the depth to the canals proposed for and known to the House for several years back.

Mr. CHARLTON. What is the depth?

Mr. FOSTER. Fourteen feet.

THE SAVINGS OF THE PEOPLE.

Leaving the question of expenditure, I wish to say a word or two with reference to two or three facts worthy of being noted when considering the year just passed. The savings of the people in the Government and other savings banks, show an increase as usual—an increase which might not have been expected, but which nevertheless took place. On the 30th June, 1889, we had a balance of deposits in the Government savings banks, including the Post Office, of \$42,956,357. About that time, as hon. gentlemen will remember, the rate of interest was lowered from 4 per cent to 3½ per cent. For that and other reasons the deposits ran down until, on the 30th June, 1891, they touched \$39,400,026. On the 30th June 1892, they had increased only to \$39,529,546, but the deposits had an upward tendency. On the 28th February, 1894, those deposits had grown to \$42,165,896, or an increase of \$2,636,350. Another evidence of the thrift and prosperity of our country during the year 1892-93 is shown by the fact that whilst this increase took place in the Government savings banks, there was also an increase of about \$7,908,418 in the savings deposits in the other chartered banks; and if we add to these the savings of the people as placed in the loan and building

societies—not a very large amount, about \$19,000,000, and which remains fairly stationary—we find that the total deposits of the people, the total savings of the people—their deposits in the various banks, Government and others—amounted, on the 28th February, 1894, to the sum of \$242,645,358, or a sum of nearly \$50 per head for the population of the country. When we take into account the fact that in 1878 this total was only about \$87,000,000, the fact remains that an increase between that period and the present has taken place of \$155,096,312.

TRADE AND COMMERCE.

The commerce of the country during 1892-93, I have briefly noted. As finances showed exceedingly well in that year, as the savings showed an increase of about ten million dollars, so the trade and commerce of the country showed not only well, comparatively to itself in preceding years, but exceedingly well relatively to the experience of other countries. The Australian colonies, in their trade, ran down by hundreds of thousands; British commerce decreased in 1892-93, as compared with the preceding year, to the extent of \$133,291,535, her exports decreasing to the extent of \$41,678,026. French commerce declined \$97,811,239, her exports declining \$49,883,914 of that amount. The United States trade fell off \$133,182,229, her exports showing a decrease of \$68,499,544. With this record of decrease and decadence in trade, it is pleasing to contrast Canada's experience, which shows an increase in trade of \$6,269,177, and an increase in exports of home products of \$6,459,344. If that is an indication of progress relative to our foreign commerce, when we come to the country itself we find that more miles of railway have been operated, namely, 15,020, as compared with 14,585 in the preceding year. We find that there has been an increase in the passengers carried; we find that about an equal amount of freight has been moved—some twenty-two million tons—and we find that the earnings are larger than in the preceding year, amounting to about \$52,000,000. The tonnage by lake and sea has been well sustained. The increase of imports and exports has taken place as I have stated, and a notable and gratifying effect in relation to this increase is that in farmers' products—

agricultural products, animals and their products—there has been a large development, the year 1892-93 showing a total export of these products of \$49,235,106, against \$46,145,590 the preceding year. As to the distribution of the exports to the United States, Canada sent \$6,020,992 worth in 1893, as against \$6,643,019 in 1892; to Great Britain, \$40,420,681, as against \$36,869,595 the preceding year.

THE FISCAL POLICY.

Now, Mr. Speaker, having thus briefly and rapidly gone over the financial exposition, as it is called (which I think cannot but be, on the whole, gratifying to the House) it becomes my duty to take up the second branch of my labour of the day; that is, to say something with reference to the tariff changes which it is proposed to introduce. I am sure the House will pardon me if I preface the recital of these changes by some general remarks upon the question. You will agree with me, Mr. Speaker, that there could not well be a more important question for a Parliament to discuss and for a country to decide than the principle upon which and the details with which it arranges its fiscal and tariff legislation. The arrangement of a tariff and the principle which is to be adopted has two aspects—it looks to the revenue which is required in a country, and it looks as well to the general trade and development of a country. I wish, at this early stage of my remarks upon this subject, to say that, so far as the revenue aspect is concerned, it is of infinitely less importance than the effect of the principle and the details of the tariff upon the trade and development of a country. I know—and hon. gentlemen on both sides of the House will recognize it as a fact when I state it—that the revenue which is raised under a tariff is used often (and used, in my opinion, very often wrongly) either as an argument in favour of a tariff principle or as an argument against it. It has not been outside of the experience of myself and other hon. gentlemen on this side of the House that the fact that thirty-eight millions were raised and spent in the country in a single year has been debited to and made the ground of attack upon the policy, and the principle of the policy under which that revenue accrued. That is a position which, to my mind, is

scarcely defensible. The principle of the tariff has nothing to do in this year 1893-94 with the amount of money which is required for the country's expenditure; and the fact that thirty-eight millions of dollars are raised under it is neither an argument for its support nor an argument for its condemnation. In the first place, thirty-eight millions of dollars are not raised by the tariff at present in force, and would not be raised by any tariff put in force in this country. Of the thirty-eight millions of dollars of revenue, twenty-one millions of dollars has to do with tariff principle or tariff detail. But the other seventeen millions of dollars are raised in totally different ways, as hon. gentlemen well know. So that the fact that a large amount of revenue is raised and spent in the country is not to be used by opponents of the present policy either in its details or in its principle as an argument against it and for its condemnation. The first thing to be settled by a country in this relation is how much money it ought to raise for its current expenses. When once that is settled, then the question of tariff simply has to do with revenue in this light—whether that revenue can be raised under that tariff or not, and then the tariff is relegated to the place where it properly belongs, and the view with which it should properly be canvassed—the principle and details of the tariff under the working out of which the necessary revenue shall be raised. So that the principal aspect in which the tariff is to be viewed is as to its effect upon the trade and development of the country.

THE PRINCIPLES OF THE TARIFF LEGISLATION.

The principle of the tariff was well discussed in 1878 and several years preceding. It was discussed by the rival parties on the platforms of the country, and in the House of Parliament itself. Then the question was relegated to the people, and the decision of the people given upon it. That decision has been reaffirmed in 1882, in 1887, and in 1891. Now it happens that, in the course of events, a period arrives when a retrospect is to be taken of the tariff in its operation, and when the question comes again before Parliament as to the principles of the tariff and as to the details which shall be built upon those prin-

ciples. It seems to me that there are only three possible principles upon which, or methods by which, a tariff can be modelled. One is to have simple free trade, under which you have no customs imposts at all, the revenue necessary for the country being raised by direct taxation, however it may be distributed. Another is to have a revenue tariff which selects a list of articles and places rates of impost upon those articles, chiefly with a view to the quickest, easiest and best method of raising the amount which is necessary, but also with the necessary sequence of incidental protection whenever this selected list includes those things which are produced or can be produced in the country itself, a protection which is incidental, but which, in a purely revenue tariff, is never designed. The other and third method is the protective tariff, by which you select a certain list of articles and place upon them certain rates of impost with a view to raising a certain amount of money for the services of the country, but more especially with this view, that whilst you raise the amount of money that is necessary for the country, you shall stimulate the development of the resources of the country, you shall help to make its industrial life broad and diversified, and progressive, to manufacture in the country, by the labour of its people, as much as possible of what the people have to consume, and over and above that, as much as possible of what outside countries can be got to take of the products of the labours of the people. So the difference between a revenue tariff and a protective tariff is not that there may not be in both an incidental protection, but that in a purely revenue tariff that protection is simply incidental and not designed; whilst in a protective tariff it is both incidental and is designed to be a protection, and is put upon the statute-book for that purpose. Now, Sir, it seems to me that outside of these three methods no others have ever been proposed, or have ever been acted upon. Take the first, the simply free trade method. There is no country in the world to-day which practices it, or which has adopted it; there has been no country in the world, among those classed as great and progressive countries, which has ever adopted it. It is something which is very well to talk about, something which in airy and fine-sounding phrases,

does to tickle the ear, at the hustings, of the audience that is listening, but which when brought down to the cold plane of discussion in Parliament and in legislative halls, has no place, and up to this date has found no place. The only great country in the world which has adopted the second method is Great Britain. She has selected a list of articles and placed imposts upon them, and so far as any of those articles are produced in the country, and are not subject to an equivalent excise tax, she has given them protection. The protection is brought to a minimum when the list of articles is so chosen that the whole of them, or the most of them, are of a class which is produced abroad and which is not produced at home. The third method is that which all great countries at the present time, with the exception of Great Britain, has adopted and has in practice, and that is the protective system, in which a list of articles is selected, and upon which impost rates are placed with the design, not only of raising a revenue, but of protecting the country in its various industries, in its labour and in its general development. Great Britain, which to-day is the only example, as I have said, of a country which has a revenue tariff as nearly as possible approaching to the non-protective, is a country which commenced her career by a protection which in some cases amounted to absolute prohibition, and which, for many years, progressed under a very high rate; and it was only when at last, by the unique development of her own forces, her own industrial powers as compared with surrounding countries, and the unique combination of conditions outside of herself which put her in a position to dominate completely the industries of the world, that she threw her ports open and allowed all products to come into her markets without imposts, in order that she might, for her own interest and benefit, carry the products of her labour, of her inventive faculties and mechanical genius, into every quarter of the world. She did that, but year by year her customers have been learning her arts, though they have not practised her example; and whilst they, in inventive genius, in mechanical dexterity, in industrial development, in many cases are equalling Great Britain, or coming close up to her, at the same time they are protecting

their own ports and their own country ; and to-day wares and goods which formerly were made in Great Britain alone, are now made in every quarter of the globe, and they are coming from protective countries into the markets of Great Britain to compete with what she manufactures, and throwing out of employment, in many instances, the very artisans who are descended from generations of industrial operatives in Great Britain.

Mr. LANDERKIN. Would the hon. gentleman leave the academy and come back to Parliament ?

Mr. FOSTER. I have a first duty to perform to my hon. friend to make up for something in which, possibly, he has been previously lacking, and to give him a touch of the academy before I come down to his comprehension. If Canada were to-night commencing anew and discussing the principle upon which she should arrange her tariff with a view to the development of her resources and of her industries, she would have this surrounding set of circumstances of which to take cognizance : that being young, without the advantages of wealth, with all the initial disadvantages of a new country and a comparatively undeveloped country, so far as industries are concerned, surrounded by older and wealthier countries, having generations of skill, with large industries competing for the marts of the world, and on a world-wide scale, and all earnestly and fiercely competing for trade in those industrial products which Canada herself might have to take for the consumption of her people. If she were in that position to-day it seems to me that the very same thing would have to be done which was done in 1878 when she first canvassed this question, when she first came to the decision that it was impossible for her to have the industrial development which she needed, and which was necessary to her progress and her permanence, unless she gave to her people the vantage ground of a measure of protection which would mitigate the fierce competition and the advantages which older and more skilled countries possessed against her ; and when she chose, as her policy, the well-known principle underlying the present tariff. In 1878 the Liberal-Conservative party espoused that principle, that party has existed on that principle up to the present time, it exists to-day upon that principle.

More than that, it proposes to base its existence for many days to come upon that principle. One thing is certain, that so far as this Government is concerned, their policy is historic, it is definite, it is undoubted. I wish I could say the same of the party of hon. gentlemen opposite.

Some hon. MEMBERS. Ha, ha.

Mr. FOSTER. Will some one tell me what is the principle which they believe to be correct now—I mean the principle which, at this present time, is in favour with hon. gentlemen opposite ? I invite them now, and especially the hon. gentleman who sits opposite to me, early in the discussion, a discussion which is one of the most important this Parliament has ever entered upon, and upon the decision of which the people will poll their votes not many months hence—

Mr. CHARLTON. How many ?

Mr. FOSTER. I cannot tell my hon. friend. If I did so, he would know just as much as I do, and I never want an opponent to know as much as I know myself.

Mr. CHARLTON. Does the hon. gentleman know ?

Mr. FOSTER. I invite the hon. gentleman, who will speak in the course of this debate, to be frank in this matter, as he has never been frank with the country or with this Parliament in the matter of tariff, and to tell the people and to tell this Parliament just what he proposes as the principle, I do not ask him for the details, on which he will base his fiscal policy. The question is so serious and the consequences which hang upon it are so great, that the people will demand—and the hon. gentleman might just as well give it now as give it later—that he go to the country with a definition of his principles which will not have any doubt about it, but which will be plain, definite and clear.

HAS THE TARIFF RATE BEEN ABNORMALLY HIGH ?

The policy of protection, which was adopted in 1878, has been objected to for several reasons, and just for a moment I wish to glance at two or three of the objections which have been made. In the first place, it has been objected to because of the alleged high rate of duty which it im-

poses upon products imported into the country; and the attempt is made with many persons, who do not have the advantage of reading, discussing and understanding these matters as do gentlemen who are continually engaged on them, to show that the tariff under the protective system that has been in force in Canada since 1878, and which is in force now, is one that is abnormally and outrageously high. Let me discuss that question for a single moment. Is it high? If there is to be a protective system at all, everybody knows that it must be higher in its inception than as the years gradually pass, when industries have become established and when the industrial development of the country grows apace. If a high degree of protection is necessary at any time, it is necessary in the initial years of a policy which adopts the principle of protection as its basis. Compare the rate of impost upon products coming into this country with that in other protected countries, and how do we stand? Is the assertion correct, that the rate of impost in Canada under the protective policy is absurdly and outrageously high? Suppose we compare it with other countries, not with France, which is a most highly protected country, but with the United States, and consider the actual figures as to what the imposts are in our own country. Well, Sir, if you take the average of the ad valorem duty paid on all dutiable goods imported into this country for home consumption from 1879 to 1893, you will find that in no year has the rate exceeded 31·85 per cent, and that the average of those years has been 28½ per cent. That is a refreshing and moderating fact when taken in connection with the assertion constantly made by the opponents of the policy that under it the imposts reach 40, 50, 60, 70 and 100 per cent.

Some hon. MEMBERS. Hear, hear.

Mr. FOSTER. True in regard to trivial and individual items here and there, but entirely misleading, as tending to induce the public to believe that it is an outrageously high rate. That is a mode of argument which is open to hon. gentlemen opposite, but at least, we must confess that it has not the merits of open, candid and complete truth. The rate per cent of imports dutiable coming into the United States between 1879 and

1893 has never been below 43 per cent, and has gone up to 50 per cent, and the average of those years is 45½ per cent, on the imported dutiable goods for home consumption in the United States; that is, Canada has this protective tariff that hon. gentlemen opposite have always denounced as being so absurdly and outrageously high. 17½ per cent lower than the tariff in force in the protective country by the side of us, the United States. But there is another point of view which for plain, honest and complete truth must be brought out. What the people pay as the amount of the impost can only be fairly taken and fairly put if you take the total amount of goods that are brought in for home consumption and used by the people. The very essence and concomitant of a national policy on the protective system is that while you build up industries in the country, you leave raw material which is not made in the country or grown in the country, free, as a basis of cheap manufacturing, and the dutiable list and the free list go side by side and have gone side by side under this policy; and the true measure of the impost and cost, so far as revenue is concerned, and so far as the people of Canada are concerned, is to find out what has been the duty rate on the total quantity of goods they have imported and consumed in this country. Taking that as a basis, what do we find? That in no year from 1869 up to now, has there been more than 21·57 per cent duty upon dutiable and non-dutiable goods on an average as an ad valorem impost in this country, and that the average has been 19 per cent. In the United States there has never, until the last two years, been a less duty than 25 per cent; it has become lower during the last two years, since raw sugar was taken off the dutiable list and put on the free list, but, notwithstanding that fact, from 1879 to 1893 the average impost on dutiable and free goods in the United States was 27½ per cent, while in Canada it was 19 per cent.

Mr. CHARLTON. What has it been in the United States during the last two years?

Mr. FOSTER. In the last two years in the United States it has been 21·26 per cent, and 23·49 per cent. So that I think the contention is fairly made and is well founded, that if you take the

tariff as a whole and compare it with the tariff of protected countries, even as to the dutiable list, it is a moderate tariff on the average; and if you take in connection with that the large free list which goes side by side with the list of imposts, the tariff is remarkably moderate, not exceeding at the present time $17\frac{1}{2}$ per cent, or a shade below it.

THE TARIFF AND STAPLE PRODUCTS.

But there is another point of view to be taken, and that is that in Canada the National Policy, so far as the protective features are concerned, has laid no heavy hand upon the vast consuming population so far as staple products of consumption are concerned, and I desire to draw the attention of the House for a moment to this point. What are they? The staples of living produced in this country have been benefited, in that the protective policy has kept the market from periodical and sectional demoralization, and that has been its value, and that is the value of the principle of protection so far as it applies to the staple products of the country, which are produced in surplus. But, with reference to these things, what is the truth of the matter? In lumber, in brick, and in stone, which are the staples of building, this country has a surplus, and they are not enhanced in price. In the matter of fuel, of wood and of coal: the one abounds everywhere, the second abounds in different portions of the country in large degree; and since the year 1887 the only remaining article of the fuel of the people, in the shape of anthracite coal, has been free. So that to-day the fuel that the people of this country need for warmth and for comfort, is free and untouched by the National Policy or its imposts. If you come, again, to the staple food of the country, its vegetables, its fruits, its grains, its meats, its dairy products, all of these grow in this country to a surplus, and the National Policy lays no heavy hand of impost upon them. They are raised here, they are raised in surplus, and, so far as the energy and power of the people is concerned, they are hampered to no degree by the National Policy. The tea, the coffee and the sugar of the people have also been made free under the National Policy—although that was a boon which could not be given by hon. gentlemen oppo-

site under their revenue policy—and millions of taxation have been remitted from all classes of the people, especially the poorer people, on those products alone. The National Policy has laid no heavy hand on the people so far as the consumption of these articles goes. Let us come to the staple articles of wear: the boots and shoes, upon which there is a tariff of 25 per cent, but every man knows that in Canada boots and shoes are made as good and bought as cheaply as they are in any country in the world. On the cottons that are used by the people, the average tariff has been about 28 per cent, and cottons to-day can be bought in Canada, taking quality and price into account, as cheaply as anywhere else in the world.

Some hon. MEMBERS. No.

Mr. FOSTER. Taking quality and cost into account, I say yes. I have had two pieces of cotton placed before me, bleached cotton.

Mr. CASEY. No.

Mr. FOSTER. Actually yes. My hon. friend may never have seen the like, but I have. One of these pieces was a Canadian cotton and the other a foreign cotton, and, to look at them, they appeared equally good; but if you tore the foreign cotton, the sleeves of your coat would be covered with the clay filling with which it abounded; while, if you tore the Canadian cotton, you had the strong, steady fibre. Take the woollens of the country. There has been an average impost upon them of but 30 per cent, and the woollen consumers of Canada have been well supplied with good material and cheap. Even take the iron that has been used in the country, upon which my hon. friend opposite has declared undying and unrelenting warfare, and with reference to which he has declared, that the moment he comes into power every item of duty goes off from iron. The hon. gentleman nods his assent to that one part of the principle of his tariff, which is the only one I have been able to get from him. But, Sir, it may surprise my hon. friend, who has probably not looked into it, to know, that if he will take the imports of iron into this country last year, and calculate the ad valorem duty on the whole of them, it only amounts to 22 per cent. So that, even with the outrageous iron duty that is spoken of so

much, when you take the high-priced, the low-dutied and the free together, the average ad valorem duty last year amounted to about 22 per cent. These are the four great staples of manufactured products, and in that regard I hold that the National Policy has laid no heavy hand upon the people of this country, so far as the consumption of these articles is concerned.

Mr. LAURIER. Surely, you are not going to amend this very perfect tariff?

Mr. FOSTER. My hon. friend wants me to tell him two hours in advance what I am going to do.

Mr. LANDERKIN. The chances are even yet.

Mr. FOSTER. They are even yet. Now with regard to the luxuries. The tax in this country under the National Policy has not been excessive and the rate which has been placed upon luxuries is a rate which they are quite able to bear, and which in any form of the tariff they should bear in their contribution to the public service.

ABOUT ENHANCING THE COST.

Another objection that has been made to the National Policy and to the protective principle in it, is: that the cost of many manufactured goods has been enhanced to the consumer on account of the rates imposed. Now, Sir, I grant that argument at once to a certain extent. I say that in the initial years of a National Policy with a protective principle in it, it will have the effect of enhancing the cost of goods, and that at the first the cost of goods will be very closely up to the measure of the protection which was given. If it does not have that effect why should it ever be adopted at all and what is the good of it? The fact that you have a country which is not in its then present condition able to compete with the great industries and competitive powers of the world, shows that it is necessary that they shall have a vantage ground upon which they may collect their forces, upon which they may deploy the industrial activities, upon which they may gain experience, and in which they may get skill; and the object of a protective tariff is to give that vantage ground, and in giving it I frankly admit that in the initial stages the price will be raised

to a certain degree. But I want to meet my hon. friends opposite on this argument of theirs, which again is not altogether truthful and perfectly honest. That is: that in their speeches before the country and in their speeches in this House, they tax the National Policy with raising the cost to the full amount of the duty which each article bears at present. Now I say that that is unfair. I affirm that the only measure of rise, the ultimate measure of rise in cost under the National Policy is, the difference between the impost that it puts upon a certain line of goods and what would have been put upon that line under a revenue tariff, and a tariff for revenue purposes only. And I say this: that if hon. gentlemen opposite reproach the National Policy with a 30 per cent tariff upon hardware, while they put a 17½ per cent impost upon it; in perfect fairness all the cost they can debit to the National Policy is the rise between 17½ per cent and 30 per cent, or 12½ per cent. If they thought it was necessary to put a tariff of 17½ per cent upon boots and shoes for revenue merely, with the incidental protection that it gave, and if the duty on boots and shoes to-day is 25 per cent, do not debit the National Policy with the full 25 per cent of rise, but debit it with what properly belongs to it, namely, the 7½ per cent. Let us go further than this. Go back to 1878 and calculate the ad valorem equivalent upon all goods dutiable and free brought in to this country, and it is 14 per cent. Calculate it to-day and it is 17½ per cent, and debit the National Policy with what belongs to it, namely, a rise on the total consumption of the country of 3½ per cent. Now, Sir, I have been frank to admit that, in the initial stages of a protective policy, the prices of goods manufactured under it will be enhanced; but I am here to state another fact, and that is, that as capital invests itself, as industrial establishments multiply, as they become diversified and distributed throughout the country, the power of internal competition comes in to take the place of external competition—a competition in many cases more keen and destructive than the foreign competition, owing to equal conditions of production and equal conditions of carriage and distribution in the country. It is one of the most patent facts in the history of the National Policy here, as in the history of protection

in the United States, in Germany, and in other countries—and a fact that cannot be contradicted—that, although there is at first a heightening of prices, they tend to come down, by the multiplication of industries and the competition which results therefrom, until the producers sell simply at the cost of manufacturing, plus a merely living profit.

THE GENESIS OF PROTECTION.

But, Sir, a crowning objection that hon. gentlemen take to the National Policy is that it is an offspring of greed and selfish cupidity on the part of the few—of a desire amongst some to rob, and an acquiescence by the great majority in being robbed, until the process is legalized; and then it becomes, as my hon. friend says, legalized robbery. The very force and vehemence of an assertion like that disproves it. This is a free country; the free men of Canada are an intelligent people, and they make their representatives understand what they want; and their representatives right quickly put on the Statute-book what the people make them understand they think ought to go on the Statute-book. There is the straightest and freest communication between the legislative power and the constituencies which are the basis of the legislative power; and no long years of dilly-dallying, no long years of delay, take place between the expression of the people's sentiments at the polls and the crystallization of that sentiment on the Statute-books of the country. And to say that a system like this, canvassed from one end of this country to the other in 1878, before an intelligent Canadian electorate—canvassed ever since, and decided four times at the polls, and always by the same intelligent electorate—can be set down as the cupidity and selfishness of a few to rob the people under the guise of law, is to make one of those assertions, so extravagant, and consequently so harmless, that I wonder hon. gentlemen opposite have not reformed their methods in this respect, and come down to milder and more moderate language. I say, Sir, that there was a nobler sentiment and a stronger reason for the adoption of the National Policy in 1878 than the one just given. I look upon it that the National Policy in 1878—whosoever brain conceived it, wherever the plan came from—came at the right moment, and in answer to a sentiment that was growing and

developing in the country—the sentiment springing from a growing knowledge of Canada's resources and Canada's greatness; a sentiment of hope and aspiration. Every awakening feeling of a people coming up into stronger and lustier manhood at that time, took hold of the idea that was embodied in the National Policy. They said this: Here we are, on this continent, a small people, widely separated with geographical difficulties, but with immense and almost boundless natural resources; we cannot make up our minds to live always as a people simply giving our attention to one kind of work, and one kind only; these resources must be developed; those varied industries which have made the life of all great countries, which are indispensable to the life of every great country, must be planted, and permanently planted, in this country as well; and with our present position, and in the competing circumstances and disadvantages around us, there is no way by which we can do that other than by making the necessary sacrifice—by obtaining for ourselves the vantage ground, even though we have to pay for it at first, in order that those industries may be developed, and in order that we may grow up to be a progressive and self-dependent people. That was the principle taken hold of and embodied in the National Policy in 1878, and to that principle the people of Canada have been true and steady at every polling, and in every election ever since.

THE RESULTS OF PROTECTION.

Now, Sir, another statement which has been made widely by hon. gentlemen opposite—another of those mild and moderate statements—is that this policy and this system has been a blight and a curse to Canada.—

Sir RICHARD CARTWRIGHT. Hear, hear.

Mr. FOSTER. And my hon. friend is kind enough to emphasize the assertion which I have made, in his usual emphatic way, and in doing so, to help me in the answer which I am going to give to that statement. If the National Policy and the protective system has been a blight and a curse to Canada, it has had a very odd way of showing it. Take the period covered by the National

Policy, and contrast it with any other period in the history of Canada's growth; has there ever been a brighter, a stronger, a more prosperous, a more progressive period? And this result has been achieved—it is the dark spot in the prospect—notwithstanding the fact that the National Policy has been depreciated by nearly one-half of the people of this country, who belong to one political party, and despite the groans and sighs and lamentations and objurgations of hon. gentlemen opposite that have been launched against it. I would not find fault if they had been launched simply against the policy; but the trouble is they have been launched against the country as well. In the creation of despondency in blighting hope and aspiration, these hon. gentlemen, by the very vehemence and absurdity of their language, have been themselves what they declared the National Policy was—a blight and a curse to this country. Thousands of people are to-day, far distant from Canadian homes, in countries to which they wish they had never gone, and which they would be glad to leave; and they are there for what reason? Because, Sir, of the sad and doleful pictures and prophecies of hon. gentlemen opposite.

Some hon. MEMBERS. Oh, oh.

Mr. FOSTER. Hon. gentlemen may treat this matter lightly and assume a careless countenance, but it shows rather a selfish and callous heart after all when they must know that their lack of faith in and their depreciation, of Canada have caused the expatriation of thousands of their too confiding countrymen, the vision of whose privations and distress should haunt them nightly in their dreams and daily in their thoughts. But, Sir, if this National Policy was a blight and a curse to the country, it has had an odd way of showing it; for, from 1878 to the present time, the revenues of this country have been buoyant and abundant, and the deficits which were numerous under hon. gentlemen opposite, have disappeared, and surpluses have taken their places. The \$6,000,000 minus sign has become \$20,000,000 with a plus sign. Capital expenditure, for the last fourteen years, has been aided on an average of one and a half millions yearly or more, by the overplus from Consolidated Fund revenues. The

credit of the country has steadily advanced and the interest rate on our debt steadily decreased. The financial conditions of this country have been sound, though our people have taken, during these late years, as it was right they should, every counsel of prudence. In the periods of stress and storm, which have recurred from time to time, in the cycle of fourteen years, Canada has stood the strain better than ever she did during similar periods before, and comparatively with other countries has passed them well and come out of them prosperously. In those fifteen years, our record has been one of progress. The locomotives of Canada to-day travel ten thousand miles more of rails than they did in 1878. They transport 8,000,000 more passengers and 17,000,000 more tons of freight, and they earn \$33,000,000 more. They pierce every portion of the older provinces, they extend like a network through the North-west, and reach the sea shore of British Columbia, and with our canal system, which has been enlarged and extended, with our steamships plying from ports on the Pacific and the Atlantic to all points of the compass, they form great lines of transport, developing Canada, binding together the different parts of the country, furnishing means of outgo and carriage for our surplus products, and bringing closer together the colonies and the mother country. That is the record written in broad lines, and it does not bear out the assertion that the National Policy has been a blight and a curse to this country. The condition of the people has improved. The \$87,000,000 of earnings, which they had saved in 1878, has become \$243,000,000, an increase of 180 per cent. The aggregate wealth, comfort and happiness of the people have increased enormously as regards themselves, and comparatively as regards other peoples; so that to-day it is a truism—no argument is required but the bare statement is sufficient—that the people of Canada, taken as a whole, are as prosperous and comfortable as the people in any other part of the world. This makes out, I think, a strong *prima facie* case against the assertion that the National Policy has been a blight and a curse to this country. It has changed the whole face of business in this country. Old industries have been broadened and enlarged; new ones have been introduced; there has been a great diversi-

fication of industries. Read the census of to-day.

Some hon. MEMBERS. Hear, hear.

Mr. FOSTER. My hon. friends read it as some people read the Bible, to find just what they want and nothing else, but if they read it carefully and read it all through, they will find evidences of diversification which bear out my assertion that almost everything required in this country is to-day made by the mechanics, artisans and work people of Canada. Our industries have not yet overtaken the home consumption of the people, but are gradually growing up to the point of meeting the consumptive demand in the country. Look at the lists of raw material which have been brought in and which show the progress of our manufacturing industries. Let us take some of the principal ones :

Imports.	1878.	1893.
	lbs.	lbs.
Wool.....	6,230,084	10,503,645
Cottons.....	8,011,759	40,263,333
Raw sugar.....	19,876,872	252,644,060
	\$	\$
Hides, &c.....	1,202,390	2,045,175
Rubber.....	187,234	862,113
Jute.....	3,770	380,577
Lumber and timber (foreign)	205,984	877,364
Veneers.....	10,541	80,038
Hemp.....	199,179	1,150,134
Furs and skins.....	148,909	785,433
Raw silk.....	32,004	206,471
Corkwood.....	12,095	72,963
Broom corn.....	89,954	146,987

Pig and scrap iron, which in 1878 was introduced to the amount only of 34,000 tons, was imported in 1893 to the amount of 107,000 tons, while 48,000 tons were made in this country itself. These things show the wonderful increase and expansion in industrial developments which has taken place. Under the regime of hon. gentlemen opposite, most of our manufactured goods we would have imported from abroad, paying the artisan and the workman in the foreign country. Under our policy we import the raw materials duty free, we make them up, and Canadian capital, Canadian brawn and Canadian brain has a chance to do this work. My hon. friends opposite are

so much in love with the census that I must give them some more figures from it in order to inform them upon some points which they have not found within its columns.

Cheese factories, value of produce, 1891..	\$ 9,784,288
Flour mills do do	52,416,586
Sugar refineries do do	17,127,100
Meat, fish, fruit and vegetable curing...	16,057,968

Total..... \$95,385,942

	Iron and Steel industries.		
	1881.	1891.	Increase.
Establishments,			
No.	9,312	11,024	1,712
Employees.....	36,846	49,104	12,258
Wages.....	\$11,383,576	\$18,188,777	\$6,805,201
Raw material....	16,351,205	27,923,051	11,571,846
Finished product.	37,056,037	64,563,222	27,507,185

The wood industries in 1881 had an output of \$59,022,196, and in 1891 this output had become \$80,536,737. Leather industries, boots and shoes show an increase of \$1,124,478; saddlery and harness, \$648,028. Textiles show an increase from \$13,258,197 to \$17,472,226 as between 1881 and 1891. Cheese factories show an increase of \$4,319,834; flour mills, \$10,654,214; sugar refineries, \$7,500,000; musical instruments, \$2,143,618; paper and pulp mills, \$2,147,850; furriers and hatters, \$1,631,980; tobacco and cigar makers, \$2,682,219. The wages paid in Canada in the wood industries as between 1881 and 1891, shown an increase of \$6,994,223; leather industries an increase of \$794,331; textiles an increase of \$1,767,659; food industries show an increase of wages of \$1,864,921; musical instrument manufactures an increase of \$555,400; paper and pulp mills, \$693,101.

Sir RICHARD CARTWRIGHT. I ask the hon. gentleman's pardon for a moment. In speaking of "textiles" I understand him to mean all kinds of woollens as well as cottons, and so on.

Mr. FOSTER. Yes. Furriers and hatters show an increase in wages of \$161,669. Taking these and a few other industries which I have given, the total increase in wages in 1891 over 1881 is \$19,580,044.

Mr. CHARLTON. Would the hon. gentleman be kind enough to give the total amounts for 1881 and 1891, so that we may judge of the percentage of increase as well as the total?

Mr. FOSTER. I am anxious to give my hon. friend all the information I can, but it happens that I have not the totals by me, and I must ask him to exert his investigating faculties for the information required.

Mr. CHARLTON. I judge the hon. gentleman might do that himself.

Mr. FOSTER. The following is a summary of Canadian industries by the census returns :—

—	1881.		1891.		VARIATIONS.			
					Increase.		Per cent.	
	No.	\$ cts.	No.	\$ cts.	No.	\$	No.	\$
Number of establishments	49,923		75,768		25,845		51·8	
Capital invested		165,302,623		353,836,817		188,534,194		114·
Number of employees..	254,935		367,865		112,930		44·43	
Wages paid		59,429,002		99,762,441		40,333,439		67·86
Cost of raw material...		179,918,593		255,983,219		76,064,626		42·3
Value of products.....		309,676,068		475,455,705		165,769,637		53·5

So that my assertion that a notable change has taken place in the industrial life of the country in this period of the National Policy is substantiated by the best statistics at our command, statistics which, taking them as the basis of comparison between 1881 and 1891, are reliable, the statistics of 1891 being as reliable and even more carefully collected than those of 1881. But, Sir, there have been great changes in fourteen years in the imposts put upon the people, and I invite the attention of hon. gentlemen opposite for a moment to this point. The history of the National Policy has not been wholly a history of raising the import duties, although hon. gentlemen opposite are fond of so representing it. The National Policy has had two attendant features which should be noted. The first is that, while changes were made in the imposts upon dutiable goods, the free list has been constantly expanding, and to-day it is very large. Another is that burdens and imposts have been repeatedly taken from the backs of the people from 1880 up to the present time, and that by the very persons who supported and believed in the National Policy. Now, Sir, if you wish to debit us with all the imposts we put on under the National Policy, be equally frank and honest in giving us credit for those we have taken off—and they are neither few nor trivial. Sir, in the matter

of bill stamps and newspapers, taxes were taken off. So far as the second is concerned I am not prepared to say that the change lightened the burdens of the people, but it lightened somebody's burdens certainly, and if the benefit did not go to the people generally, it went to that very enterprising class of people in our country who disseminate information for us, and very often give us information that we could get in no other way. But when we come down to other things, there can be no doubt about where the benefit went. Hon. gentlemen opposite, when in power, taxed tea 5 and 6 cents per pound; under the National Policy that tax was taken off. They taxed coffee 2 and 3 cents a pound; under the National Policy that tax was done away with. The tax on anthracite coal, which at the beginning of the National Policy was 50 cents per ton, was taken off in 1887, and anthracite coal has been free ever since, representing a lessening of duties to the tune of about three-quarters of a million dollars a year. The duties on glass have been reduced; the duties on salt have been reduced; the duties on molasses have been reduced one-half; and, more than all, three years ago the duty on raw sugar was completely taken off, remitting taxation to the amount that had formerly been collected.

Some hon. MEMBERS. Hear, hear.

Mr. FOSTER. My hon. friend says "Hear, hear," no doubt with a flickering idea in his mind that when we admit that, the duty on raw sugar being taken off the taxes of the people were so much lightened, therefore we have admitted that a duty under the National Policy is always a tax. But there is every difference between a duty on an article which is made in this country, the like of which on entering the country has to meet this impost, and an article not made in this country, every cent of an import duty upon which must come directly from the pockets of the people. So the remission of three and a half million dollars of duties on sugar was an actual, positive and immediate benefit to the tax-payers of this country, a benefit well diffused over every part of this country. So that, taking these things altogether—and I ask my hon. friend's attention to this—the aggregate amount of taxation remitted since 1882 on the articles I have enumerated amounted to \$29,500,000, or an average of about \$2,500,000 a year. For 1892-93, I have had the pleasure of announcing in Parliament that we had a surplus of \$1,354,000, had we kept the taxation on these articles, taxation which was imposed upon them, when the National Policy had its inception or in its first years, I should have had to add to that surplus the sum of \$5,600,000, which would have represented so much more taken from the pockets of the people. I have thought it not unnecessary, Mr. Speaker, to enter upon these observations before coming more particularly to the work of explaining the revision of the tariff, and I have done it because of the oft repeated objections which have been made to the principle of the tariff, and because I think it well that they should be brought up in Parliament, and that the arguments in reply to them should be stated to the people of this country.

THE PRINCIPLE OF PROTECTION MAINTAINED.

Now, Sir, there have been many changes since 1878. Since the inception of the National Policy, fourteen years have gone by. Changes have taken place in the business conditions of this country itself, changes in the value of raw material and of manufactured products, changes which, so far as the ad valorem equivalents of duties are concerned, have made a very great difference as to the nature and rates of imposts between those times and the present day. The

industries of this country have, many of them, well established themselves. The amount of protection which they needed before, they do not need to so great a degree to-day; and for some years an opinion has been gaining ground among the people that the time for a revision has come, an opinion which was recognized by the Government when they said to Parliament last year that the time had come for a complete re-examination of the whole matter of our tariff arrangements in order that the anomalies existing might be done away with, and that the tariff might be brought level with the existing circumstances and changed conditions of business, not only in Canada, but in foreign countries, at the present day. Those changes have taken place, and those changes have been recognized. I wish again to state as forcibly as possibly that the argument—not strong at all, but used largely, and tending to deceive in some regards, if not carefully considered—that the argument is completely baseless, that the policy of protection depends upon the per cent of impost that shall be put upon a certain article. Because the Government recognizes, as all people recognize, that the conditions of business have changed within the last fourteen years, and that it is well to rearrange the tariff to suit those changed conditions, does not justify the conclusion that therefore the Government have gone back upon the principle of protection, or denied the cardinal principle of the National Policy. Such reasoning is inconsequential, and an argument which has neither logic or force. I wish to state here that the Government of to-day, and the party which supports the Government of to-day, take their stand squarely and firmly upon the embodiment and upon the preservation of the principle of protection in the tariff, the degree of that protection to be according to the circumstances of the industry and the conditions of business and of trade at the present time. But, when they do that, they are not to be taunted with going back upon their policy. The argument is not sound, and cannot fairly be used, that they have therefore repudiated the cardinal principle and plank of their policy for the last 14 years. So that these changes, as I have said, having been recognized it becomes necessary for the Government to carry out its pledge given last year in Par-

liament, a pledge which was lightly treated by some hon. gentlemen opposite, who thought we were simply turning the corner, who thought we only wanted to shelve the question for another year and, perhaps, to go before the electorate, to get ahead of the hon. gentlemen opposite and steal their clothes—if indeed they have any political clothes worth stealing. Their clothes have become so variegated within the last six or seven years that they outrival Joseph's coat of many colours. Whilst we to-day take our stand upon the principle of protection in the tariff, will hon. gentlemen opposite be equally frank and say upon what principle they will take their stand? Will my hon. friend tell the House to-day, what he told the people of Ontario last year, that he would make a tariff out of which every vestige of protection shall be exorcised?

Mr. GILLMOR. Yes.

Mr. FOSTER. There is one honest free trader in this House, and he comes from Charlotte county, N.B., who has no hesitation in saying what his principles are, who does not seek to befool or befog the people by stating in a roundabout way what he proposes to do. He is frank enough to say that, if he were in power, he would apply the principle of free trade and take every vestige of protection out of the tariff of this country. Let me tell that hon. gentleman that if he is following the leader of the Opposition with the idea that when he gets into power at some future time—I do not know how far distant—he will exorcise every vestige of protection from the tariff, he has pinned his faith to a broken reed. In the first place, he will not be able to do it; in the second place, it is perfectly impracticable and impossible in this country.

Mr. GILLMOR. It is not impossible. You cannot find a bit of protection in the British tariff.

Mr. FOSTER. I think I could.

Mr. GILLMOR. Then you have got to hunt for it.

DIFFICULTIES AND METHODS OF REVISION.

Mr. FOSTER. I have to acknowledge that in coming to a revision of the tariff and a rearrangement of it at the present time,

there are two difficulties that have to be met. The first difficulty is the depression prices which exist over a large part of the manufacturing world to-day, and which are now based on abnormal conditions; and the other difficulty is the fact that we are face to face with a revenue which is not increasing, but, on the contrary, is rather falling. These two causes make it difficult to-day to revise and arrange the tariff, and they must both be taken into account in the consideration of the recommendations which the Government are to place before this House. The brief review that I made of the financial situation as regards the months that have passed of the present financial year, will be sufficient to show the House that we do not expect this year, and we do not expect next year, any considerable surplus; on the contrary, we expect that it will require the closest economy in order to keep the expenditures within the revenues that come into the consolidated fund. But, taking these two things into account, both the depression prices that exist and the necessity for not paring off the revenue too largely, the Government has come to its conclusions with reference to the tariff, and is prepared to submit them to the good judgment of the House, and of the country. Now, there are some things that I have not attempted to do, that the Government have not found it possible to do, in the rearrangement of this tariff. It has not been possible to proceed upon any fixed rule of uniformity, any fixed plan of horizontal reduction. The tariff which was made in 1878 was a practical tariff, and the tariff which is to be arranged during this session must also have that feature, if possible, of being a practical tariff, and must take cognizance of the varying conditions of different industries, and must mete out to them, on the principle which we have stated, the protection which is reasonably due to them, and necessary in order to maintain possible industries in their position in this country. Neither has the Government found it practicable to adopt any hard and fast rule with reference to the vexed question of specific and ad valorem duties. Some condemn specific duties entirely; others favour specific duties, especially on certain lines. I think the truth lies between the two ex-

tremes. Specific duties, in some respects, are absolutely necessary to guard against frauds of valuation; in other respects they are useful in inducing the consumption of a higher and healthier, and better grade of article. Every customs-house officer, of course, delights in specific duties; they are not complex, and the importers of the country find it easy to make their calculations under them. The chief argument to be used against specific duties is where they are applied to a wide range of useful articles varying in price.

Mr. MILLS (Bothwell). Woollen goods.

Mr. FOSTER. If the hon. gentleman thinks that is one article, we will say woollen goods. And where the specific duties act so as to raise the rate upon the cheaper though good articles, thus discriminating against a class of consumers in the country. In a case of that kind, the argument for ad valorem duties is strong; the argument for specific duties is equally strong in other respects.

Sir RICHARD CARTWRIGHT. If the hon. gentleman will permit me to make a suggestion, it is that as he appears to be somewhat tired, six o'clock might now be called, and the hon. gentleman might resume after recess.

Mr. FOSTER. I prefer to proceed, as I desire to close a certain part of my statement before six o'clock. One main object has been to simplify the tariff and make it clear. Its 665 items of dutiable goods have been, as the House will see, very considerably condensed. Three schedules have been made; one for dutiable goods, one for free goods and one for prohibited goods. They have been arranged in the first schedule under classes alphabetically, and in the other schedule simply alphabetically, and the aim has been where items conflicted, to have them harmonize, and where there were grades of goods of different kinds, but yet which blended with each other, so as to make it difficult for the appraisers and customs-house officers to tell the difference between them, to place them under equivalent duties and thus avoid the inconvenience, the vexation and the confusion that arose from conflicting claims as to the quality of the article and the item under which it came. As far as it could possibly be done, special exemptions have been struck from the list,

although as they have existed from the first and industries have grown upon them, it has been found impossible in all cases to strike them out, and in some cases the necessities of the situation seem to demand their continuance. The prime object in view has been to cheapen the cost of manufactures in this country, to cheapen the cost at which the goods issue from the factory itself; for there is another fact of which people think too little and which is not clearly treated even by those who do know it, and that is, that the cost to the consumer and the cost of the goods as they issue from the manufacturer are two very different things. I have in view to-day an article in very wide consumption which the manufacturer places on the shelf of the seller for $1\frac{3}{4}$ cents per package, and it never realizes less than 5 cents per package. Coal oil was sold at Petrolia for 9 cents per gallon, and the cost of carrying it to a certain town was 2 cents per gallon, and yet it was sold in that town at 25 cents and 27 cents. Innumerable instances can be found of large increase of cost on goods from the time they leave the factory until they get into the hands of the consumer, and that has militated and has been made to militate unjustly against the policy and the factory itself. All I ask is, that in looking at the ultimate cost of the goods to the consumer, the manufacture should be looked at apart from the distributing agency; the cost at the factory should be considered by itself and the cost of distribution should be considered as well, for very often it has been found, and it will be found in the course of any investigation, that although the factory made the goods cheaply and sold them at a very small advance, the cost of distribution was large, and the ultimate cost to the consumer was therefore large. Two ways have been adopted for cheapening the cost of goods, one by lowering the duty upon raw material, and by transferring raw materials from the dutiable to the free list. It has been found in the course of the work that we had pretty well exploited that division of the subject already, and that in this country almost all the great staples for manufacturing were already on the free list, in contra-distinction to our neighbours to the south, where they are to-day fighting over the vexed question as to whether or not wool, a great staple for a large industry in that

country, and an article of enormous consumption, shall bear a tax of 11 or 12 cents per pound or be placed on the free list. In 1893, \$121,000,000 worth of goods were entered for home consumption; of this amount \$52,000,000 represented free goods, the large proportion being raw materials for manufactures. The duties which have been placed on different articles have been regulated according to the vigour and the development of the industry itself, according to the conditions of competition outside, according to the advantages that home production has for various reasons in our own market, and according to methods of business in some cases as well. When any person undertakes to look at the effect of the duty which is placed in the revised tariff upon a particular article in which he is interested, he should not simply look upon the impost placed upon that article, but he should look as well at the list to which free goods have been transferred from the dutiable list, and to the dutiable list where articles which are raw material have been reduced so far as import duty was concerned. Whilst endeavouring to sacrifice no industry which can reasonably hope to maintain itself in this country, so far as it can be done by the imposition of a reasonable duty which will give it sufficient vantage ground to maintain itself here, employing labour and paying wages into the hands of labour, to be used again in buying the products of the farmers, we have endeavoured to take these matters into account, and by a reasonable protection to retain all those industries which are in the country which employ labour, and which work up the raw material of the country or use imported raw material and which industries are consequently benefiting the country. But I wish to say this as well; although we have been accused often of seeing none but the selfish interests, as they are called, of those who are engaged in these industries and who want protection, the Government has had many opportunities of making themselves well acquainted with the views and requirements of the consumers as well, and whilst trying to make every reasonable provision for industries that exist, so far as I am concerned I have felt it to be my duty to represent the interests of the consuming population of this country, as well as the interests of its industries, in order that not only the consumer shall get

the benefit which accrues, but that the industry shall be kept as well; for it would be of little avail in this country that an operative should be able to buy his goods at a cent a pound, or a cent a yard less than at present, if he did that under a condition of things which would keep him from earning the wage with which it was necessary to get the wherewithal to pay for that which he bought. It is very well to have in this country consumers who can get what they want as cheaply as possible, but it is well also to have consumers who, by virtue of invested capital, and by industries in the country, have a place where they can find their daily work, from which they can draw their daily wage and have the money to pay for that which they consume. Now, Mr. Speaker, I have travelled over the most of the ground that, I think, intervened between the commencement of my remarks, to which the House has most kindly listened, and the explanation of the different tariff items.

It being Six o'clock, the Speaker left the Chair.

After Recess.

THE AGRICULTURAL INTERESTS CONSIDERED.

Mr. FOSTER. Mr. Speaker, when the House rose at six o'clock I was saying that in the tariff revision it has been the aim of the Government, while seeing that industries are reasonably protected in this country, to also see that the rights of the consumers are carefully looked after, and that all classes and all conditions of the people shall have fair consideration in the arrangement of the tariff. If there has been any exception at all with reference to any class, it has been in the view that has been taken with reference to the incidence of taxation upon that large and worthy class of people in Canada, the foundation of its progress and the hope of its future, namely: the agricultural classes. With reference to those, I think I may say truthfully that the Government in preparing its tariff has acted sympathetically. This class of the people, distributed as they are over every part of the Dominion, working their fields and farms, producing that which is the basis of all supplies, becoming ultimately the consumers of a large proportion of what is made in this country, and what is imported into this country, having to struggle with various difficulties—diffi-

culties often of low prices, difficulties of competition in the great markets of the world—I say that this class demands at the hands of the Government, as I propose it shall receive, a sympathetic and favourable consideration. That is not saying that, in my opinion, the agricultural interests of the country have not been the object of solicitude by the Government. I think they have been, and I think the Liberal-Conservative Government since 1878 has pursued a course of constant and unvarying care for the interests of the farmers of this country.

Some hon. MEMBERS. Hear, hear.

Mr. FOSTER. Our friends in Opposition have had much sympathy and many fair words for the farmers. Of course, they have not for the last fourteen years had a chance to accomplish very much so far as deeds are concerned. But the record of the five years during which they occupied office, from 1873 to 1878, indicates no special consideration and no special care for that class. I may say, with reference to the agricultural classes of Canada, that the Government and the Liberal-Conservative party have shown their sympathy with the farmers in what they have done—first, in the protection that they have given to the products of the farmer, the protection which, as I said in a former part of my address, was not so much with the object of raising abnormally the prices of their products, as of steadying the market for them and preventing sectional and periodical inroads upon them, with the result of lowering the fair market value of what they produce. I wish to adduce some figures to show what has been done for the agricultural interests of this country. In 1877, there was entered for home consumption, of imported agricultural products, animals and their products: from Great Britain, \$56,588 worth; from the United States, \$16,066,963 worth; from other countries, \$7,798 worth, making a total of \$16,131,349. In 1878 these imports for home consumption amounted to \$15,050,930, and in 1879 to \$10,420,344. The National Policy did its work, and the result was that the importation of these products fell to \$4,240,849 in 1891, to \$3,092,452 in 1892, and to \$2,741,733 in 1893. In other words, in the three years, 1877, 1878 and 1879, there was an average annual import of these products for consumption of \$13,867,541, whereas

in the last three years there was an average annual report of the same materials for home consumption of only \$3,358,344. If we turn again to the imports of flour and grain of all kinds, including pease, which come entirely from the United States, we find that the imports for home consumption were: in 1877, \$13,855,879; in 1878, \$13,452,460; but in 1892 these importations had fallen to \$1,345,294, and in 1893 to \$1,339,429. But, as an instance of the special protection accorded to certain products of the farmer in 1889-90, I will read the results as I have collected them. It is well known that at that time the imports of bacon, hams, shoulders, beef, mutton, pork and lard were very large, displacing by that much the same products of the Canadian farmer, and affecting him in two ways: in the first place, depriving him of part of the market which legitimately belonged to him; and in the next place, taking away from him his desire and encouragement to produce those products for a market which should be reasonably well assured to him. Well, Sir, the protection on these products to the farmer was increased in 1889-90, the result of which has been as follows:—In 1888-89 the imports of these articles amounted to 31,131,746 pounds, and in 1889-90 to 33,112,701 pounds. Then came the legislation, and in the succeeding year, 1890-91, the imports fell to 17,400,504 pounds in 1891-92 to 13,486,880 pounds, and in 1892-93 to 6,999,051 pounds. That is, in 1889-90 this country afforded a market for these products from the United States to the value of \$1,734,225; but in 1892, under the increased protection, that had been reduced to a market for only \$452,812 worth. That shows indisputably that the farmers have been given control of the market of Canada, and that they have risen to the height of the demands for consumption in this country, and have been able to avail themselves of this their legitimate market by means of the protection given to these products. They have had just that much more market for them. But another consequence is to be noted: the production of those articles has been stimulated. The fact that the farmer finds a home market ready for what he produces, gives him the basis of a stock-in-trade on which to work; he works on that and enlarges it, and then he looks to the foreign market for the disposal of his surplus product. What

has been the effect of that? In 1877 the farmers of this country sent, of agricultural products and animals and their products, to Great Britain \$13,437,762 worth, and to the United States \$10,198,297 worth, or a total of \$25,123,396. In 1878 that total was increased to \$27,644,636 worth, distributed—\$17,303,793 to Great Britain and \$8,984,025 to the United States; and in 1879 increased to \$29,813,771, distributed—\$17,690,006 to Great Britain and \$10,869,275 to the United States. The average exports of those three years amounted to \$16,145,520 to Great Britain and \$10,017,199 to the United States, a total export of \$27,527,267 yearly. Coming to 1892 and 1893, the exports to Great Britain in 1892 reached the sum of \$36,869,595 and the exports to the United States the sum of \$6,643,099, a total of \$46,145,590. In 1892-93 they were to \$40,420,681 to Great Britain and \$6,020,992 to the United States, a total of \$49,235,196. Taking the average of these two years, the average exports of these products to Great Britain was \$38,500,000; the average export to the United States amounted to \$6,333,000; and the total averaged \$47,690,000. That shows that the farmer has benefited in two ways. He has gained the control of the market, which is properly his own, in this country. He has displaced, through the aid that protection has given him, the products that formerly came in from the United States, and in consequence of the better position thus acquired, he has gone into the cultivation of these products more largely and sent the surplus to Great Britain and the United States—notably Great Britain—until last year the export reached the very large sum of \$49,235,000. In this respect the National Policy has benefited the farmer. It has done more. It has provided experimental farms, at a very generous cost, from the Treasury. Experiments have been made, bulletins issued, competent teachers have gone throughout the country giving the results of their operations and experiments, teaching the people the elementary principles and the latest results of science and the best business methods in the raising of their various products. Further, at a great cost, this policy has, for the last fourteen years, provided transport for the farmers' products going out and for the articles they consumed coming in—a transport system which goes into every corner of

the country, and which, for excellence and cheapness, is not surpassed by that of any other country in the world. Is not that a great advantage to the agriculturists, scattered throughout the country and depending on these means for the easy access of their goods to market, and benefiting by the better result from the sale of their goods, through the cheapness of transport thus afforded? These are two or three considerations which, I think, make my contention good, that the farmers' interests have not been neglected by the Government heretofore, and support my assertion that, in the revision of the tariff, his interests will again be found not to have been neglected.

THE CHANGES IN THE TARIFF—TOBACCOS AND LIQUORS.

Now after having made these observations generally and specifically with reference to the tariff, I come to the items themselves. The first item in the schedule of dutiable goods is that of liquors and tobacco. In tobaccos we have made no change whatever. In spirituous liquors we have made no change whatever. With reference to malt liquors, we have made one change. It will be remembered that two or three years ago, when I undertook, in the face of a fairly buoyant revenue, to reduce that revenue by \$3,500,000 or more, I had to have recourse, for a limited period at least, to some speedy method of recouping the great drop in the revenue caused by the reduction of the sugar taxation. I did so by putting a larger duty—although small in degree—upon tobaccos; by heightening the duty to a small extent on spirituous liquors, both excise and customs; by heightening also the excise on malts, making the excise, which had always been in this country, with the exception of a very short space of time, 1 cent a pound, 2 cents per pound. That was felt to be a very large increase. It operated in this way: The malt, and consequently the beer duty, in this country became 7 cents, as compared with 4 cents in Great Britain and 3 8-10 cents in the United States. The revenue has since come up largely to the expectations formed. The chasm that was made has been filled, and, under these circumstances, the Government has determined to take off from the malt duties one-half cent per pound, leaving it at one cent and a half instead of one cent,

which has been the figure since Confederation, with the exception of one or two years. The loss which will accrue to the revenue from that will be in the neighbourhood of \$200,000. We will get some accretion of revenue probably from the larger amount of malt made, because, under the 2 cent duty on malt, the production decreased to a certain extent, and sugar and other substances were used which, it is said, make an inferior article. I leave that to my hon. friends opposite to judge.

Sir RICHARD CARTWRIGHT. What is your own opinion?

Mr. FOSTER. I am not a practical man myself in that respect.

Mr. LANDERKIN. You take moments of weakness occasionally, though.

Mr. FOSTER. I do, but am always frank enough to acknowledge my moments of weakness. Others are not. I have seen some hon. gentlemen get very irritable when these moments of weakness were brought to their attention.

Sir RICHARD CARTWRIGHT. Will you tell us what the Prohibition Commission has to say about it?

Mr. FOSTER. I have not had the pleasure of meeting the prohibition delegation, and the commission has not yet reported.

AGRICULTURAL PRODUCTS.

I come next to the item of agricultural products, the second class of the schedule. From the remarks which I have made, it will be seen that it is not the policy of the Government to decrease in any material degree the protection at present afforded to the agricultural interests of the country. The effect upon their interests has been what I have pointed out, and with those effects fully in view, the Government did not feel itself justified—as indeed it did not feel disposed—in diminishing the protection which has worked so well and been so valuable an adjunct to that class. Some changes, however, have been made. Animals living, which were formerly—

Mr. LANDERKIN. Dead.

Mr. FOSTER—which were formerly 25 per cent, with the exception of live hogs—have been reduced to 20 per cent, which is

the percentage placed upon live animals in the Wilson Bill and the Bill as emanating from the Senate Committee so far as it has gone. Live hogs, which were formerly 2 cents per pound, have been made 25 per cent. When we come to beef, fresh or salted, which was 2 cents per pound, that rate has been retained. Fresh mutton, which was 3 cents per pound, has been changed to 35 per cent. Meats, n.e.s., including canned meats, poultry and game, 25 per cent ad valorem. One explanation is due upon that item. It is this: The House will remember that, with reference to pork, we had two schedules. One was intended to include what was called the heavy or mess pork, and upon that a duty of a cent and a half per pound was placed. The other was intended to include the lighter pork, and upon that a duty of 3 cents was placed. The only way we had of distinguishing between the heavy and the light pork was by the number of pieces that should be in the barrel, but a very little experience was sufficient to show that that test was entirely inadequate. It was impossible to open and inspect every barrel and find the number of pieces, and even if that were possible, it was practicable for dealers to cut up the hog in such a way that there should be the requisite number of pieces, even though it were a light pork, and then, after it was introduced into the country, to repack the pork, thus having the light pork come in at 1½ instead of 3 cents. That difficulty, therefore, had to be overcome, and the simplest and easiest way has been found to put a uniform duty of 25 per cent on both kinds. This will have the effect of raising the duty somewhat on the heavy pork, and of reducing it a shade on the light pork. On the whole, it will make an equitable arrangement, give an adequate protection, and take away a very serious evil and vexation, not only in the carrying out of the tariff, but one of which the farmers themselves rightly complain, inasmuch as where they supposed they were getting a protection of 3 cents per pound, the pork was actually coming in at 1½ cents per pound. Meats, fresh, n.e.s., which had been placed at 3 cents per pound, are left as before. Poultry and game are kept at 20 per cent, the same as before. Extracts of meat, fluid beef, not medicated, and soups, 25 per cent,

the same as before. Lard and cottolene are changed from 3 cents per pound, and 20 per cent ad valorem respectively to an ad valorem duty of 25 per cent. Tallow, stearic acid and stearine, which formerly were 1 cent and 3 cents per pound, have been reduced to an ad valorem of duty of 20 per cent. Beeswax, which bore a duty of 20 per cent, has been reduced to 10 per cent. Paraffine, wax and candles, which formerly paid respectively 3 cents and 5 cents, have been reduced respectively to 2 cents and 4 cents. All candles which formerly bore various duties have been reduced to a common duty of 25 per cent ad valorem. Soap, which bore a specific duty in two cases and a mixed specific and ad valorem duty in another case—the mixed duty being 10 cents per pound and 20 per cent and the specific being $1\frac{1}{2}$ cents per pound, have been arranged under two schedules. The common or laundry soap, not perfumed, will bear a duty of 1 cent instead of a duty of $1\frac{1}{2}$ cents per pound, and those soaps which bore a mixed specific and ad valorem duty, will pay a uniform rate of 35 per cent. Castile soap, mottled or white, remains at the duty at which it was before—2 cents per pound.

Sir RICHARD CARTWRIGHT. Can you give the equivalent ad valorem duty?

Mr. FOSTER. I think it would be about 25 or 30 per cent. Glue and mucilage—glue was formerly dutiable in two ways—liquid at 30 per cent, and other at 3 cents per pound, and mucilage was 30 per cent. These have been put into one schedule, and reduced to 25 per cent. British gum, or dextrine, sizing cream, &c., are all put under one schedule, and charged 10 per cent ad valorem, instead of 1 cent per pound. This is because these materials are used in processes of manufacture. Feathers, which were in three categories, are now placed in two, undressed feathers, which were formerly dutiable at 15 and 25 per cent, being put at 20 per cent, and others, formerly 35 per cent, being now 30 per cent. Butter remains as before, at 4 cents per pound, and cheese, as before, at 3 cents per pound. Condensed milk, which was divided into two schedules, one sweetened, dutiable at $1\frac{1}{4}$ cents per pound and 35 per cent, and the other, unsweetened, at 35 per cent, have been joined in one class containing condens-

ed milk, condensed coffee, condensed coffee with milk, milk foods, and all similar preparations, including preserved ginger, are dutiable at 30 per cent ad valorem. When we come to the grains—oats have been kept at 10 cents per bushel, and cornmeal at 40 cents per barrel, but two schedules have been formed with other grains, and two or three other agricultural products. The first schedule contains corn and barley. The duties on these are kept as they were before, but there is added this clause, "Provided that barley and Indian corn shall be free of duty when imported into Canada from the country of production, if such country, whence either or both are imported, admits both these products free of duty, when imported thence from Canada. That is an offer of reciprocity to any country that chooses to take it up.

Mr. MILLS (Bothwell). What is the object of leaving oats out?

Mr. FOSTER. The object of leaving oats out of that proposal was to retain protection to that product of the farmer in Canada, a very large product, and one which, in some portions of Canada, might be adversely affected at certain times and under certain conditions, if the duty were removed. Then again buckwheat, buckwheat meal, rye, rye flour, beans, peas, hay, potatoes, green and ripe apples, and vegetables, are left with the same duties, or nearly the same, as they had under the old tariff, and it is enacted that each of the above products shall be admitted free of duty from any country which imposes no duty on the like product when imported from Canada. The duty on oatmeal is placed at 50 cents per barrel. I come now to the question of rice, which has been discussed on several occasions in the House. Formerly the uncleaned rice, or paddy, was dutiable at $17\frac{1}{2}$ per cent, and the cleaned rice at $1\frac{1}{4}$ cents per pound. Two methods of dealing with these items were canvassed. One was to reduce the duty on the uncleaned rice, and to correspondingly reduce the duty on the cleaned rice; but, on the other hand, it is necessary to look to the contingencies of revenue. Rice is an article which, although it is used largely, is used in small quantities by any one family, and the price of it is not high. A considerable duty can easily be got from it, the tax being diffused over the whole country, and not being for

as any considerable burden. It has, therefore, been decided to raise some \$30,000—basing calculation upon the importation of last year—in addition to the revenue already yielded from rice.

Sir RICHARD CARTWRIGHT. What will be your total revenue on this item ?

Mr. FOSTER. The total revenue, I think, would be \$55,000 or \$60,000. That, however, is not at the expense of the consumer. The duty upon cleaned rice at present is $1\frac{1}{4}$ cents per pound. The arrangement of duties that has been made is this : to place four-tenths of one cent duty upon the uncleaned rice, and 1 cent per pound upon the cleaned rice, and it will recoup the revenue to the extent of about \$30,000. Rice flour and sago flour, which bore a duty of 2 cents per pound, have been placed at 25 per cent. Wheat and wheat flour are kept at the same rates as before—15 cents per bushel on the former and 75 cents per barrel on the latter. Biscuits formerly bore duties of 25 per cent for unsweetened, and 35 per cent for sweetened. A uniform duty of 25 per cent is now placed upon them. Macaroni and vermicelli, formerly 2 cents per pound, are now placed at 25 per cent ad valorem. Starch, including farina and corn starch, formerly bore a duty of 4 cents per pound for sweetened, and 2 cents a pound for unsweetened, no change having been made since the reduction of the duty on sugar. The sweetened and unsweetened have been united in one uniform duty of $1\frac{1}{2}$ cents a pound.

Sir RICHARD CARTWRIGHT. Is that expected to make any difference in the revenue ?

Mr. FOSTER. Very little. I do not think that there will be any great importation into the country.

Sir RICHARD CARTWRIGHT. Perhaps I did not quite understand. I thought the hon. gentleman stated that one was four cents a pound and the other two cents, and that he now proposed to make them one and a half cents all round.

Mr. FOSTER. Yes.

Sir RICHARD CARTWRIGHT. Well, if he reduces them to one and a half cents from two and four respectively, there must be more or less loss.

Mr. FOSTER. I think, if my hon. friend will look up the returns he will find that not much sweetened starch product came in at four cents duty. Sweet potatoes and yams, ten cents a bushel, with a reduction in behalf of the consumer in part, and a reduction also with reference to the Island of Bermuda, which imposes a very slight duty upon Canadian products going in there, and which, by letter or otherwise, has brought to the attention of the Government the high duty upon products from that island. Pickles were widely distended and under different categories as to duties ; and there were duties upon fractions of a gallon as well as upon the gallon. The three schedules of pickles, sauces and cat-sups have been thrown into one, and a uniform duty of 35 per cent instead of the specific and specific and ad valorem duties combined, has been placed upon them. Garden seeds remain the same as before, 10 per cent when in bulk, and 25 per cent when in package. Ground mustard, 25 per cent, as before. Mustard cake reduced five per cent, and made fifteen instead of twenty. Malt, fifteen cents per bushel as before. Extract of malt, no change. No change has been made in the duty on hops, six cents per pound. Compressed yeast, and yeast cakes have been reduced from four and eight cents to three and six cents per pound, and the three schedules have been thrown into two. Trees, such as apple, cherry, peach, pear, plum, quince, of all kinds, have been made a uniform duty of three cents each. The specific duty has been retained, as it is almost impossible to follow these in point of valuation ; that is not much change from the present duty. Grape vines, gooseberry bushes, raspberry bushes, currant bushes, and rose bushes, and all fruit plants not elsewhere specified, shade, lawn, and ornamental trees, shrubs, and plants, the half dozen categories under which these were found, some ad valorem and some specific, have been grouped under an ad valorem duty of 20 per cent.

Mr. CASEY. What change does that amount to ?

Mr. FOSTER. On some, that is a lowering of the duty. It is most difficult to tell, because of the difficulty of getting their valuation. Take gooseberry bushes, their valuation, even of the same class, may be

widely different in two or three days and is uncertain always. Blackberries, gooseberries, raspberries, strawberries, cherries, and currants, which had a duty of three cents a pound, and one cent a quart, respectively, have been put into one schedule of two cents a pound.

Sir RICHARD CARTWRIGHT. When you say two cents per pound, what about the packages ?

Mr. FOSTER. The package is included in the weight for duty. Cranberries, plums and quinces, which were thirty cents a bushel, have been put under an ad valorem duty of 25 per cent. Apples, forty cents per barrel, as before. Those I have spoken of. Apples, dried, desiccated, or evaporated, raisins, currants, dates, figs, prunes, and other dried or evaporated fruits, have been all made an even 25 per cent instead of an ad valorem duty of 10 per cent and one cent per pound.

Sir RICHARD CARTWRIGHT. How about the French treaty in respect to those dried fruits ?

Mr. FOSTER. The French treaty, when it comes into operation, will affect these by the very fact of its coming into operation, to the extent of the proportionate reduction which is provided for in the treaty. Grapes, two cents per pound, as at present. Oranges, lemons, and limes have been kept at about the same duty, a reduction from \$1.60 a thousand to \$1.50 a thousand upon the bulk. Peaches, one cent per pound, as before. Fruits, in air tight cans are reduced from three cents a pound to two cents.

Sir RICHARD CARTWRIGHT. I take it that in all these cases the packages are included ?

Mr. FOSTER. Packages are included where I do not mention otherwise. Fruits preserved in brandy are kept at the brandy duty, \$1.90 per Imperial gallon ; that is for fear that more brandy will be brought in than fruits. Jellies, jams, and preserves, which are now five cents per pound, are reduced to three cents per pound. Honey in the comb is kept at the old rate of duty, three cents. Coffee, green, when not imported direct, 10 per cent ; when it is roasted or ground, and not imported direct, two cents a pound and 10 per cent. Coffee, roasted or ground, which was three cents

a pound in the old tariff, becomes two cents per pound. Extract of coffee, or substitutes therefor, formerly five cents per pound, are reduced to three. Chicory, which was three and four cents a pound, whether green or dry, becomes three cents per pound. Tea, a duty of 10 per cent when not imported direct. Cocoa paste and chocolate, which bore a duty of five cents per pound when sweetened, have been placed in the same list, and made four cents per pound.

Sir RICHARD CARTWRIGHT. Do I understand that there is now a duty on coffee of all sorts ?

Mr. FOSTER. There is a duty of ten cents on coffee when it is green, when it is not imported direct. When it is imported direct, there is no duty upon it. The same with reference to tea. Cocoa nuts remain at the same duty as before.

Mr. MILLS (Bothwell.) If I understand the hon. gentleman, coffee that will be imported from Florida will come in free if it was grown in Florida ; but if the coffee was imported from Cuba to the United States it will pay ten per cent ?

Mr. FOSTER. It must be imported direct from growth and production. Desiccated cocoa nut, which, when sweetened, bore eight cents per pound, has been reduced to four cents per pound. A little change has been made in ginger and spices of all kinds, formerly they were 12½ per cent, and now they have been made fifteen per cent ; but when ground, the same duty of 25 per cent has been retained. Nutmegs and mace remain at the same duty. That disposes of the agricultural class of products, treated under the tariff.

BOOKS AND PAPER.

I now come to the third class, which consists of books and papers. On this question of books, leaving aside for a moment that of papers, there has been a good deal of writing, a good deal of speaking, and a great many demands have been formulated from different interests, from the reading public, from that portion of the reading public which may be called the studying public, who want scientific, philosophic and educational works which are not printed in this country, and which, for evident reasons, cannot at the present time be economically

produced in the country. Colleges and libraries have also made a strong plea during several years for the admission of books for their libraries free of duty, and also for the admission of books for courses of study in the different classes. Then, again, there is the aspect of the printers of the country towards the book publishing interest to be considered. The book publishing interest in Canada does not occupy the position that it did many years ago. The large book houses which were then scattered in almost every considerable city, doing business in their special way, have largely gone out of the business, and it has taken other channels of distribution, most widely among which is that of the subscription sale and the distribution of books by means of agents through the towns, villages, and rural portions of the country. The book duty heretofore has been an ad valorem duty, and that has been complained of on the ground of principle. After considering the matter carefully, the decision has been arrived to change the duty, and to make it a pound duty rather than an ad valorem. At first sight that might seem to defeat the object of those who seek relief for the reading public who take scientific, philosophical, and educational works, because those books are not printed in this country and cannot be printed here, and it might be thought that the system would bear more heavily on that class and more lightly on the class of books of a more ephemeral character, including current literature, put up in paper covers or more lightly put together than books of the other class. But the test shows that is not so. If you take a subscription book, bound, which sells at \$3, its weight will probably be four pounds. Under an ad valorem duty of 15 per cent, as at present, the duty would be 45 cents. It is proposed to make the duty a pound duty, 6 cents per pound. The duty on such a book would be 24 cents, instead of 45 cents. If you come down to current and light literature, large quantities of which are sent into this country, and which have not expensive bindings, and whose price is almost nominal, such a book coming here would weigh half a pound or three-quarters of a pound, and the invoice price would be but a few cents per pound. The ad valorem duty is almost

nothing; the pound duty will be considerable. Another point arises, and that is this, that in the distribution of books in the country the post office is largely availed of, and great difficulty arises from ad valorem duties in the post office customs distribution. It involves the appraisement of each book at the place where it is delivered. The pound duty is much easier; the officer has simply to put the book in the scale and weigh it.

Sir RICHARD CARTWRIGHT. Will it be made fractional—3 cents for the half pound?

Mr. FOSTER. Yes. Broadly stated, the question of principle I think is this, that the pound duty does not tax the genius, the spirit, the thought in the book; it taxes the paper, binding, and the articles entering into its production. It is a better protective duty to those articles and to the printer as regards that class of book which it is possible to produce here. The duty will be 6 cents per pound for books, instead of an ad valorem duty of 15 per cent. British copyright, reprints of, will have in addition to 6 cents per pound, a duty of 12½ per cent, which is the amount we collect in payment of the copyright and transmit.

Mr. EDGAR. Is this ad valorem?

Mr. FOSTER. Yes. But there is a clause attached, which is as follows: This duty shall continue until 27th March, 1895, and thereafter the rate shall be 6 cents per pound, it being the intention of the Government not to continue to collect this amount, but to try and have the matter adjusted by that time in a better and more satisfactory way. Advertising pamphlets and all that class of matter, which had an ad valorem duty of 20 per cent and 6 cents per pound, are retained at the same rate of duty. This item is a large revenue producer, and has been left unchanged.

Sir RICHARD CARTWRIGHT. Does the change from ad valorem to specific make any difference in the receipts?

Mr. FOSTER. It is very difficult to calculate that. If you take the returns on an ad valorem basis you have not the weight but simply the value; but testing different prices of books as we have done, it may be fairly assumed that what is lost on one side is gained on the other, and that the reduction

on the whole will not amount to a very large sum. Bank notes, bonds, bills of exchange, and the like have been kept dutiable at 35 per cent; labels 15 cents per pound and 25 per cent, this item being also a large revenue producer. Maps and charts are 20 per cent. Painting, prints, and engravings remain as before, 20 per cent. Playing-cards will be 6 cents per pack; printed music 10 cents per pound. The question of wall paper has been settled by dropping the specific duties and imposing an ad valorem duty of 35 per cent all round. Paper sacks and bags, which were 35 per cent, have been made 25 per cent. Mill-board remains the same as before, 10 per cent. Tar red paper will be 20 per cent.

Mr. EDGAR. What will be the duty on ordinary paper?

Mr. FOSTER. It remains at the same duty as at present, namely, 25 per cent. It is desirable I think to state in this connection with respect to books on the free list—and I am stating it briefly and from memory—that these include Bibles, psalm-books, prayer-books, and hymn-books, instead of being charged 5 per cent; books for university, college, and libraries of that kind, books for public and incorporated mechanics' libraries are also made free to the extent of two copies to each institution. Books found in the regular curriculum of colleges, universities, and academies, being of a kind not printed or reprinted in Canada, are allowed free for those purposes. Books printed in any language foreign to this country, that is in any language except French and English, are admitted free, and some other concessions are made, which, though important, have escaped my memory.

Mr. SOMERVILLE. How about monthly magazines?

Mr. FOSTER. They are kept as at present.

Mr. FOSTER. Books for the deaf, dumb, and blind are admitted free. A friend suggests that this is a concession to the Opposition.

Sir RICHARD CARTWRIGHT. It is a concession, Mr. Speaker, got by the Opposition from the predecessor of the hon. gentleman, and I should say, wrung out of the Ministry by the Opposition.

Mr. FOSTER. I hope the Opposition have used them.

CHEMICALS, OILS AND PAINTS.

Coming next to chemicals, oils and paints. The vinegar duty has been kept the same as before. There is an excise upon the manufacture of vinegar in the country, all of which is carried on under the Inland Revenue, and it is proposed to make the excise duty larger and to get an additional revenue of some thousands of dollars therefrom. The protection upon vinegar is a large protection, but it is almost impossible to make it other than it is and keep vinegar from being made wholesale from acetic acid and other ingredients of a deleterious and unhealthy kind. So that that problem has been solved by keeping the vinegar at the old duty, and by raising an additional amount of revenue from the manufacture of it in the shape of excise.

Sir RICHARD CARTWRIGHT. How much?

Mr. FOSTER. The additional income will be probably about \$30,000. Acid, acetic and pyroligneous of any strength for the purpose of manufactures which bore a duty of 25 cents per gallon and 20 per cent, has been reduced to 25 per cent. Acid, muriatic and nitric has been reduced from 25 per cent to 20 per cent. Sulphuric acid which bore a duty of five-tenths of a cent per pound has been reduced to four-tenths; sulphuric ether is the same duty, viz., 5 cents per pound. Acid phosphate has been reduced from 3 cents to 2 cents per pound. Liquorice paste and liquorice root, which has a duty of 2 and 3 cents a pound, have been made ad valorem 20 per cent, a considerable reduction; all medicinal preparations and patent medicines have been kept at the same rate: 50 per cent for liquids and 25 per cent for others. Cod liver oil, medicated, is kept at the old rate, 20 per cent. Essential oils, largely used in manufacturing soaps of the better kind, in fact all perfumed soaps, reduced from 20 per cent to 10 per cent. Pomades are kept at the same rate. Perfumery, including toilet preparations, have been kept at the same rate, namely, 30 per cent. Various representations have been made in Parliament and out of Parliament, looking to the reduction of duty upon illuminating oil. After having carefully thought over the subject with a view to do whatever was reason-

able for the general consuming public, and with a very strong unwillingness to destroy an industry which has existed from Confederation up, and existed always under the protection of the Government; an industry which is local I admit, but which is peculiar in its nature in that, in the locality in which it exists it is widely distributed and becomes a living, each well, to the family, the small holder that owns the land upon which the well is worked. A year or more ago, very large prices were paid for oil, whether they were Canadian oils or American oils. That was not the fault of the producer at Petrolia. At the very time the Canadian oils were selling from 25 cents to 45 cents per gallon in Canada, they were being sold in bulk at Petrolia for 9 and 11 cents per gallon. It was pointed out to the producers last year that it was necessary for them to take measures by which oil should be reduced in price to the consuming public, and with an expenditure of commendable energy, and an expenditure, I am sure, of a large amount of money, they have perfected arrangements by which to-day, instead of the prices which I have quoted, oil is being distributed now from Calgary to Cape Breton, and sold at no place at a cost greater than 25 cents per gallon, and coming down to a cost of 10 and 12½ cents per gallon. The duty of 7 1-5 cents per gallon is a large duty, but it is a duty which is not availed of by the producers and sellers of the oil. On the other hand, from those who use American oil a very large revenue, some \$400,000, is received which it is difficult for the Government to sacrifice without replacing it in some other way. The amount of oil which is used by each family is not surprisingly large in quantity, and is not surprisingly great in its value.

Sir RICHARD CARTWRIGHT. What do you compute the total consumption at both home and imported?

Mr. FOSTER. The division is about two-thirds to one-third; one-third of the market is supplied by the United States illuminating oil, and two-thirds of the market is supplied by the home product. I will give you the figures later on. Under these circumstances, the Government has come to the conclusion not to lower the duty upon illuminating oils this year. Some changes have been made, however, with reference to the distribution,

and arrangements will be made by the Inland Revenue by which this oil can be delivered and stored in tanks in any city or in any village, and by which it can be distributed without many of the vexations and additions to the expenses which exist.

Mr. MILLS (Bothwell). Are the means of carriage to be interfered with?

Mr. FOSTER. Do you mean in transport by rail?

Mr. MILLS (Bothwell). Or by water.

Mr. FOSTER. The law in that respect will remain the same as it is to-day. However, the duty on barrels in which oil is brought in is at present 40 cents, and that has been reduced to 20 cents, giving in that method of bringing in the oil by barrels, a reduction of 20 cents on each barrel. In crude oils and gas oil and fuel oil, for fuel and manufacturing purposes, a reduction has been made of one-half of the present duty, and in lubricating oil the limit upon which that duty is placed has been reduced from 30 cents per gallon to 25 cents per gallon; and all above 25 cents per gallon in value goes into the class for lubricating oils, which bears a common duty of 25 per cent. Linseed oil or flaxseed oil, which bears a duty of 1¼ cents per pound and which is the raw material for a great variety of industries, has been lowered, and instead of that duty which I have mentioned, an ad valorem duty of 20 per cent has been placed upon it, which is a very considerable reduction. Lard oil, neat's-foot oils, and sesame seed oils remain at the same rate of 20 per cent. Olive oil prepared for salad purposes, has been increased from 20 to 30 per cent. Olive oil in bulk for manufacturing purposes has been placed on the free list, used, as it is coming to be now, very largely in the manufacture of the better kinds of soap and in various other articles, and in the preparation of sardines and the putting up of fish. Vaseline is to have a duty of 35 per cent instead of the old duty of 6 cents and 4 cents per pound. Blacking, shoe and shoemakers' ink is reduced from 30 per cent to 25 per cent. Ink for writing has been reduced from 25 to 20 per cent. Blueing has been reduced from 30 to 25 per cent. Dry white and red lead, orange, mineral and zinc white, 5 per cent; ochres, raw siennas and the various foundations for paints have

been reduced from 30 per cent to 20 per cent. Oxides, ochres and ochrey earth, raw siennas and colours, have been reduced from 30 per cent to 20 per cent. Paints and colours which bore a 30 per cent duty, and in another class, 5 cents a pound and 25 per cent duty, have been reduced all round to an even 25 per cent. Paints and colours, ground in spirits, are kept at the same duty which is the spirit duty of \$1 a gallon, but scarcely anything is done in that line, no importation now taking place. Turpentine which is a basis for different manufacturing processes has been reduced from 10 per cent to 5 per cent. Varnishes, lacquers, japans and the like which bore a duty of 20 cents and 25 per cent, have been reduced to 20 cents a gallon and 20 per cent. Paris green is kept at the same duty, namely, 10 per cent. Putty has been reduced from 25 to 15 per cent.

EARTHENWARE, GLASS AND STONEWARE.

Coming to the class of earths, earthenware, glassware and stoneware: brick for building remains at 20 per cent. There were two schedules, one of China and porcelain ware, and one of earthenware. The duty on china and porcelain was less than the duty on earthenware, and there were occasions for disputes arising at custom-houses. The two are thrown into one, and the common duty of 30 per cent is put upon them. Earthenware and stoneware, demijohns or jugs, churns or crocks are reduced from 3 cents to 2 cents a gallon of holding capacity. Drain pipes and tiles are kept at the old rate. On glass the duties have not been interfered with in the main, except that small wares of glass, small bottles and the like, which bore 5 cents a dozen and 30 per cent, have all been placed in the general class bearing 30 per cent ad valorem. Insulators of all kinds and lamps, including arc and incandescent lamps, lamp chimneys, side-lights and head-lights, shades, globes, and all that kind of articles, which bore 5 cents a dozen and 30 per cent, and some few 25 per cent, have been placed under the common duty of 30 per cent, a reduction on the whole.

Sir RICHARD CARTWRIGHT. What does that cover?

Mr. FOSTER. That covers all kinds of electric fixtures and all kinds of lamps, side-lights, shades and globes, whether for oil

electric light or gas. Outside of what I have mentioned, the only change in the general glass duty has been to reduce the duty somewhat on plate glass, which comes in panes of not less than 12 feet square, the duty being reduced from 6 to 4 cents per square foot. The duty on the other glasses remains at the same figure, that schedule having been very carefully gone over two or three years ago and arranged very satisfactorily, I think, both to the importer and to the revenue. On spectacles and eye-glasses the duty is 30 per cent, as before, and upon the frames or parts thereof, 20 per cent. Show-cases, which bore a mixed duty of \$2 each and 35 per cent, have been placed at 35 per cent. Magic lanterns and slides therefor, philosophical, photographic, mathematical and optical instruments, 25 per cent. Cement, which ran through five schedules, has been placed in one, and the uniform duty of 40 cents per barrel put upon it. Plaster of Paris, in the rough and when calcined or manufactured, bears 15 per cent and 20 per cent respectively. Flagstones, granite and the rough stones generally, have an ad valorem duty of 20 per cent, and the finished article 30 per cent. Marble in the rough, that is, sawn in slabs, but not otherwise manufactured, has a duty of 20 per cent, and the finished article bears a duty of 30 per cent. Slate and manufactures of slate—roofing slates, slate-pencils, school or writing slates, the latter of which bore a complex and absurdly high duty, have been placed at the uniform duty of 20 per cent.

Mr. MILLS (Bothwell). Surely, nothing was absurd in the National Policy.

Mr. FOSTER. The story is told that at one time slate was charged at so much per square foot, and the way adopted to get at the duty on slate-pencils was to find out the number of slate-pencils that would lie in a square foot and to calculate the amount of the duty from that. I state that by way of information to the hon. gentlemen when they come to frame their tariff.

LEATHER AND MANUFACTURES OF.

Leather, manufactures of, and rubber form the next class. On fur skins, 15 per cent, as at present. On fur caps, hats and the like, 25 per cent, as at present. Leather-board and leatheroid and boot

and shoe-counters, 20 per cent. Leather and skins not otherwise provided for, when tanned, belting leather, sole leather, upper leather, including dongola, cordovan, lamb, sheep and calf, bear a uniform duty of 15 per cent. This is a slight reduction. Sole leather, rough or undressed, is the same as before, 10 per cent. On japanned, patent or enamelled leather, a uniform duty of 22½ per cent. Skins for morocco leather, tanned, but not further manufactured, 15 per cent. Glove leathers are, as before, at 10 per cent. All manufactures of leather, not elsewhere specified, are left at 25 per cent. Belting of leather or other material, is reduced from 25 to 20 per cent. Harness and saddlery of every description is placed at 30 per cent. Whips, which were 50 cents per dozen and 30 per cent ad valorem, have been put at 35 per cent ad valorem. Boots and shoes are kept at 25 per cent. India-rubber boots and shoes, with tops or uppers of cloth or of material other than rubber, which bore 35 per cent, are put at 30 per cent. India-rubber boots and shoes and manufactures of India-rubber keep the same duty of 25 per cent. India-rubber clothing, surfaced and otherwise, which bore a compound duty, is put at 35 per cent. Rubber belting, hose, packing and mats, which bore a compound duty of 5 cents per pound and 15 per cent, is put at 32½ per cent ad valorem.

METALS AND MANUFACTURES OF.

I now come to the class of metals and manufactures of, including, as the article of prime importance, iron. Upon this a great deal of attention and careful consideration has been bestowed. On the one hand, the duties upon iron have been and are relatively high. On the other hand, there is the patent fact that unless there be a sufficient inducement in the way of protection or bounty given for the manufacture of iron, it will be impossible in this country, as it has been found impossible in all other countries, ever to rise from the production of raw ores, which abound in this country, to the independent and self-contained manufacture of the larger portion of the iron needed for the consumption of the country. That problem has been solved in part before by the fixing of a duty of \$4 per ton upon pig iron, and grading the duties on puddled and bar iron in proportion, the present duty being

\$13 per ton, upon which to build up the manufacture of iron in the country. Scrap, which is a raw material, out of which bar iron is made, was, however, when these duties were arranged in 1887, left at the import duty of \$2. The consequence of that has been simply this: Instead of the bar iron of the country being made from puddled bars, the product from pig iron, and the latter from the iron ores of the country, no bar iron is at present made in the country from puddled bars. All that is made is made from scrap, either the native scrap or imported scrap. That has its effect upon the quality of the iron, but its most serious effect is to retard in that way the development, so much desired, of the iron industry. Some method, therefore, had to be adopted in order to remove that disadvantage. It is not the intention of the Government to take the line which has been assented to by my hon. friends opposite to-night. It is not our intention to destroy every vestige of protection, so far as the iron schedule is concerned. We must bear in mind that in 1887 the first real attempt was made to give iron any real protection in this country. We must bear in mind that although the National Policy dates from 1878, there was nothing but a revenue tariff upon iron from 1878 up to 1887. It was at that period, and only six years ago, that Parliament assented to a scheme which had for its object the development of the iron industry by a system of protection and bounty. The problem which confronted the Government was this: In the first place, not to destroy the development of our iron industry; in the second place, to give as much relief as possible to those who make up all kinds of articles from the iron of commerce—that is, the puddled bar, or the bar iron. In steering between these two conflicting interests, the Government have concluded to adopt this as their policy. Briefly stated, it is as follows: to keep upon pig iron the same customs duty and the same bounty as at present—the duty being \$4 per ton, and the bounty \$2 per ton.

Mr. EDGAR. That is on the net ton.

Mr. FOSTER. Yes; the net ton is always understood in our duties. That gives to pig iron a protection of \$6 per ton. It is not proposed to disturb that duty. The difficulty, however, which has occurred from

the introduction of scrap, and the practical making of all the bar iron of the country from scrap, had to be met, and the proposal of the Government is to make the scrap duties, from to-day until the end of the year, \$3 instead of \$2, and after the 1st of January, 1895, \$4 per ton.

Sir RICHARD CARTWRIGHT. How much revenue do you expect from that ?

Mr. FOSTER. It is impossible to make any estimate. Under that duty it is supposed that not a very great deal of foreign scrap will be imported. Our object is to induce the manufacture of bar iron from the iron of the country—from the puddled bars.

Sir RICHARD CARTWRIGHT. You expect that duty to be prohibitive ?

Mr. FOSTER. It will largely act as a deterrent to the importation of foreign scrap. It is proposed to keep the duty and bounty upon pig iron. In order to reduce the cost of merchantable iron to the country, a reduction will be made in bar iron of \$3 per ton, reducing it from \$13 to \$10. A reduction will be made also in puddled bar from \$9 to \$5, being a reduction of \$4 per ton, and iron and steel will be treated all through on an equality as respects the imposts, and upon these lowered duties on steel and iron the reductions have been made in the articles which are manufactured from these forms of iron. But in order to stimulate the production of puddled bar from the pig iron, so that the process of development may not stop at the point of pig iron, it is proposed to give a bounty of \$2 per ton upon puddled bar, and what corresponds to that in steel. Both bounties in pig iron and puddled bar to run five years from the day of this enactment, and also with this proviso, that if in two years from this, for instance a blast furnace starts and goes into the operation of making iron, it shall have the benefit of the bounties, on the strength of which it made the investment, for five years from the time it commenced to make the pig iron or puddled bars.

Mr. PATERSON (Brant). Will the old concerns go on for five years ?

Mr. FOSTER. They go on five years from this date.

Mr. CHARLTON. How will it be in the case of one starting four years from this date ?

Mr. FOSTER. It will have the five years bounty in the same way.

Mr. PATERSON (Brant). That one concern, but not the others ?

Mr. FOSTER. Not the others. The object of a bounty, in every case, is to induce the investment of capital into the making of iron from the ore into the pig or puddled iron. It is in the general interests that these industries shall be distributed in different parts of the country, so as to overcome, to a large extent, the heavy cost of distribution, consequent on our geographical extent.

Mr. MILLS (Bothwell). The hon. gentleman proposes to tie the hands of Parliament for five years.

Mr. FOSTER. As any law ties the hands of Parliament. Any law which is enacted ties the hands of Parliament to that extent. The present Bounty Act ties the hands of Parliament just as much and no more than the one now proposed will do.

Sir RICHARD CARTWRIGHT. What is the loss of revenue you expect for these proceedings, bounty included ?

Mr. FOSTER. I may mention that although in the first years of the bounty no very great progress was made, there has been in the last three years great progress in the manufacture of iron, and last year the manufacture of pig iron in this country, upon which the bounty was paid, amounted to 48,000 tons. This year, up to March, the amount made was 42,000 tons. So that there is every possibility that the current year will see pig iron made in this country to the extent of 50,000 tons. The bounty upon puddled bar, it is calculated, will increase that amount by about one-half, so that for the next three or four years—the bounty being \$2 per ton—the amount paid will run from \$90,000 up probably to \$120,000, or \$130,000. Of course, all depends upon the rapidity and extent of the development in the production of this kind of iron.

Mr. EDGAR. That is, on the two.

Mr. FOSTER. On the two. The duty on wrought scrap iron and scrap steel then is, as I have stated it, and the duty upon pig iron is \$4 per ton, as at present.

Sir RICHARD CARTWRIGHT. I did not observe that the hon. gentleman gave any

intimation of the loss of revenue, pursuant on the reductions he proposes to make—in the one case of \$3 per ton and in the other \$4 per ton. He ought to have those figures before him.

Mr. FOSTER. As far as can be calculated, the loss on metals and manufactures, owing to the reduction proposed in duties, will amount to about \$350,000, basing the calculation upon the importations of last year, which is the only way, I suppose, in which you can make an estimate. But the hon. gentleman will see that to estimate with any degree of accuracy will be impossible, because we do not know what will be the effects of these duties from year to year. Bar iron and steel, as I have stated, are reduced to \$10 a ton, from \$13 a ton. Iron or steel plates or sheets, sheared or un-sheared, hoops, bands, strips, and skelp iron or steel, sheared or rolled in grooves, and iron or steel of all widths not thinner than number seventeen gauge, n.e.s., will be \$10 per ton. Plates or sheets of iron or steel over thirty inches wide, and not less than one-quarter of an inch in thickness, commonly denominated boiler plate, and universal mill or rolled edge steel plates, not exceeding thirty inches in width, will be 12½ per cent. A large reduction is made in iron or steel sheets, hoops, bands, and strips, or other iron or steel of all widths, sheet iron, common or black, smooth, polished, coated or galvanized and Canada plates, number seventeen gauge, and thinner, the change being from 12½ per cent, and, in some cases, as high as 30 per cent, to 5 per cent. These are materials which at present are not made in Canada, and which are largely used, and the duty is put at a nominal rate so as to encourage those industries which use these materials.

Mr. CHARLTON. What was the duty on boiler plate ?

Mr. FOSTER. It was either \$13 per ton or 12½ per cent. Plough plates, mould boards, land sides, and other plates for agricultural implements, when cut to shape from rolled sheets of steel, but not moulded, punched, polished, or otherwise manufactured, and being of a greater value than four cents per pound, were formerly charged at the rate of 12½ per cent. This is a quality of steel not made in this country, and the duty has

been reduced to the nominal rate of 5 per cent, which, of course, will be a distinct gain to the manufacturers of implements and other articles made from these materials. Forgings of iron and steel, which were 1½ cents per pound, but not less than 35 per cent, have been fixed at 35 per cent. Rolled iron or steel angles, channels, structural shapes and special sections, weighing less than twenty-five pounds per lineal yard, which were formerly charged at one-half cent per pound and 10 per cent ad valorem, have been placed at 35 per cent. Rolled iron or steel angles, channels, beams, and the like, which were largely used by bridge builders, and which, when imported by bridge builders for the purpose of bridge building, came in at 12½ per cent, have been placed at 12½ per cent, the condition being taken off, so that they may be imported for use by any one at this rate. Iron bridges and structural iron work, formerly charged 1¼ cents per pound, but not less than thirty-five per cent, had been placed at 30 per cent. Iron and steel railway bars, or rails for railways and tramways, of any form, punched or not punched, formerly dutiable at \$6 per ton, will be fixed hereafter at 30 per cent.

Mr. SOMERVILLE. Does this apply to electric railways ?

Mr. FOSTER. Yes, this would apply to electric railways. Railway fish plates and tie plates, formerly charged \$12 per ton, will be 30 per cent. There is a quality of iron which comes into the country and is largely used, known as Swedish iron. It has borne a duty of 20 per cent, being of high value, and necessary for certain processes of manufacture, and filling a place which could not be filled by our own rolled iron. The duty upon this material has been made 15 per cent. Axles, car springs, and springs of iron or steel, or parts thereof, formerly \$30 per ton, and not less than 35 per cent, have been placed at 35 per cent. Malleable iron castings and steel castings, n.e.s., were formerly \$25 per ton, and not less than 30 per cent. This duty has been fixed at 25 per cent. Cast iron vessels, plates, stove plates and irons, sad irons, hatters' irons, tailors' irons, and castings of iron not elsewhere specified, are reduced from \$16 per ton and not less than 30 per cent to 27½ per cent. Cast iron pipe of every description, formerly \$12 per ton, and not less than 35

per cent, has been reduced to \$10 per ton. and not less than 35 per cent. Boiler tubes of a kind not made in this country, have been reduced from 15 per cent to 7½ per cent, and to these have been added corrugated tubes, or flues for marine boilers. This is a distinct advantage to an industry which is largely prosecuted in this country. Lap-welded iron tubing for artesian wells and petroleum wells, etc., remain, as before, at 20 per cent. Tubes not welded or more than 1½ inches in diameter, rolled steel, are also unchanged at 15 per cent, and wrought iron tubing, threaded and coupled or not, over two inches in diameter, bear the same duty as before—15 per cent. All other wrought iron tubes, five-tenths of a cent per pound and 30 per cent. Chains (iron or steel) remain at 5 per cent, except that the limit has been reduced from nine-sixteenths to five-sixteenths of an inch in diameter. Nails and spikes, wrought and pressed, galvanized or not, horse-shoe nails, and all other wrought iron, steel, and other nails, n.e.s., and horse, mule and ox shoes have been changed from 1½ cents per pound, and not less than 35 per cent, to 30 per cent ad valorem. Composition nails and spikes, and sheathing nails have been reduced from 20 per cent to 15 per cent. Wire nails, cut nails and spikes of iron or steel now bearing a duty of 1½ cents per pound, but not less than 35 per cent, have been reduced to three-quarters of a cent per pound. Cut tacks, brads, or sprigs, not exceeding 16 ounces to the thousand, were formerly 2 cents per thousand, but this duty has been reduced to 1 cent per thousand. The same class of goods, exceeding sixteen ounces to the thousand, formerly charged 2 cents per pound, are reduced to 1½ cents per pound. Screws, commonly called wood screws, which formerly had a protection of 6 cents, 8 cents, and 11 cents per pound, respectively, have been reduced to 3 cents, 6 cents, and 8 cents per pound, but not to be less than 35 per cent. This is a reduction of about one-half on the present duty. Other screws of iron, steel or brass, or other metal, not otherwise provided for, are reduced from 35 per cent to 30 per cent. Wrought iron or steel nuts and washers, iron or steel rivets, bolts, with or without threads, nut and bolt blanks, T and strap hinges, which formerly bore duties of

about 1 cent per pound and 25 per cent, have been reduced to 1 cent per pound and 20 per cent. Skates, formerly 20 cents per pair and 30 per cent ad valorem, are reduced to 10 cents per pair and 30 per cent ad valorem. Clothes wringers, formerly \$1 each and 30 per cent, are reduced to 25 cents each and 20 per cent. Cutlery, not otherwise provided for, remains, as before, at 25 per cent. Celluloid is not changed, the duty being 10 per cent. Knife blades and blanks are 10 per cent ad valorem, this duty involving no change. House furnishing hardware, builders' and cabinet-makers' hardware, etc., which formerly occupied two different schedules, have been thrown into one schedule. The former duties were 30 and 35 per cent. A common duty has been fixed at 32½ per cent. Adzes, hatchets, picks, mat-tocks, track tools, wedges, and crow-bars of iron and steel, and hammers or sledges are now 30 per cent. This is on the whole, a reduction, the duties coming down from about 35 per cent. On this there was 35 per cent before. Axes of all kinds, scythes, hay knives, lawn mowers, pronged forks, rakes, and hoes, not elsewhere specified, and other agricultural tools or implements not elsewhere specified, 35 per cent ad valorem. These were, some of them, \$2 per dozen and 40 per cent; some of them \$2.40 a dozen and ad valorem duties combined. Shovels and spades, which had \$1 per dozen and 25 per cent, have been made 35 per cent. Files and rasps, 35 per cent. Steel needles, 30 per cent. Surgical and dental instruments are reduced from 20 to 15 per cent. Safes and the like are reduced from 35 to 30 per cent. Fire engines, 35 per cent. Locomotives for railways were formerly 30 per cent ad valorem when not less than \$2,000 each. The limiting clause has been stricken out, and locomotives for railways have been placed at 35 per cent. Steam engines, boilers, machinery, and the like, have been reduced from 30 per cent to 27½ per cent.

Sir RICHARD CARTWRIGHT. Am I correct in understanding you that the total loss will only be \$350,000 on all the reductions made?

Mr. FOSTER. According to the best calculation that can be made, but it is a calculation which has no pretension to accuracy.

Mr. EDGAR. These things the hon. gentleman has lately given us are included in that estimate ?

Mr. FOSTER. The different kinds of furniture are not included.

AGRICULTURAL IMPLEMENTS.

Coming to the question of agricultural implements, the Government has found that a vexed one. The duty which has been heretofore 35 per cent upon mowing machines, binders, harvesters, and the like of that, has been greatly reduced. A very strong demand has been made by the farming interest all over the country for a reduction in that duty. A great many have been, I think, a little unreasonable, and have asked that the duty should be taken off altogether ; others, representing large sections of the farming community, have petitioned that the duties should be materially reduced. These machines are made at the present time almost exclusively of iron, the percentage of wood which goes into their construction being remarkably small ; and the reduction of duties upon iron will, to the extent that it is used, be felt in the reduction of cost in the manufacture of these different implements. After considering the matter in all its phases the Government has come to the conclusion to reduce these from 35 per cent to 20 per cent, a reduction of 15 per cent on the whole, and a reduction which it will tax the manufacturers of these implements to meet and keep the field in which their competition is at present even quite heavy, especially in the North-west ; but a reduction with which the Government believes that they can prosecute their industry, while, at the same time, it will have the effect of greatly cheapening one of the largest items of expenditure to which the farmer has been subjected, especially in grain growing districts.

Mr. CHARLTON. Has the Government considered the question of granting reciprocity to the United States in agricultural implements under the terms of their tariff, giving free admission to our agricultural implements into the United States on the condition that theirs are admitted here on the same terms ?

Mr. FOSTER. The Government is aware that in the Committee's Draft Bill in the

United States Senate, agricultural implements have been made free to the people of that country. So far as the manufacturers and buyers of implements in the United States are concerned, there is no duty upon agricultural implements, whether Canada reduces her duty in whole or in part.

Sir RICHARD CARTWRIGHT. I would like to know from the hon. gentleman what he calls agricultural implements. It is extremely important that that should be clearly understood.

Mr. McMILLAN. I would ask the hon. gentleman if the United States has not adopted a provision with respect to agricultural implements that they will allow them to come into their country free from any other country that allows American agricultural implements to come in free ?

Mr. FOSTER. The hon. gentleman would be perfectly correct if he had asked whether a committee had not recommended that, but nothing has yet been adopted. What my hon. friend has said is true with that limitation. This clause takes in mowing machines, harrows, cultivators, seed drills, horse rakes, self-binding harvesters, harvesters without binders, binding attachments, reapers, sulky and walking ploughs, all of which are placed at 20 per cent.

Mr. CHARLTON. This is a matter of considerable importance. The Senate Finance Committee's draft on the Tariff Bill provides that agricultural implements shall be admitted into the United States free of duty if imported from countries not imposing duties upon agricultural implements of American manufacture exported to that country. That, undoubtedly, will be a question that the Government will be called upon to meet. No doubt that provision in the tariff will be retained if the Wilson Bill passes ; and if that provision is made I presume the people of Canada would like to know, now that the tariff is under consideration, what course the Government of Canada would be likely to take in the premises.

Mr. FOSTER. All I can say to my hon. friend is that we have to legislate under present conditions. This is the legislation which we propose under present condition.

Mr. LAURIER. How was it a moment ago about reciprocity ?

Mr. FOSTER. How has it been for the last five years about reciprocity? Hon. gentlemen have been preaching reciprocity for five years. No one more than my hon. friend, who has just spoken, hailed with delight and with exuberant joy the result of the late election in the United States, and the coming into power of the Democratic party, because he believed there would be a free and open road to free trade in the United States. But what has happened? That although that party has an overwhelming majority in the House of Representatives and a clear majority in the Senate, after a year and a half of arduous struggle, they have succeeded in getting as far as the report stage of a Bill which is protective from one end of it to the other, and which expressly abolishes every reciprocity treaty that has been entered into with the United States.

Mr. LAURIER. The hon. gentleman was asked, what he would do about reciprocity in agricultural implements; and his answer was that he had to legislate according to present conditions. That is to say, that the hon. gentleman cannot do so when we do not know what will be done by the United States. But a moment ago the hon. gentleman submitted a reciprocity clause with respect to other articles, without knowing any more what the United States legislation would be than in the present case.

Mr. FOSTER. I see no inconsistency in that, not the least. We are legislating for ourselves in both respects. We are stating now in this legislation what under certain conditions and with respect to certain articles we are prepared to do with the United States. We are legislating in respect of the clauses under discussion, exactly in the same way.

Sir RICHARD CARTWRIGHT. There will be some loss of revenue. Can the hon. Minister state how much?

Mr. FOSTER. I do not know that there will be loss of revenue. Portable machines, portable steam engines, threshers and separators, now bearing 35 per cent, will be charged 30 per cent.

Mr. McMULLEN. Before the hon. gentleman leaves the question of agricultural implements I desire to ask, whether the Government will claim the right to re-value those

instruments at the port where they are entered, or will they be bound to accept the invoice of the cost where they are manufactured?

Mr. FOSTER. We will adopt the same course with respect to those machines as we follow with regard to other importations. Sewing machines, which were \$3 each and 20 per cent, have been made 30 per cent. Pumps of all kinds and wind-mills will have a duty of 30 per cent. Type for printing will remain as before, 20 per cent; type metal will be 10 per cent. Bookbinders' tools, printing and lithographing presses and printing machines will remain at 10 per cent. Plates engraved on wood and on steel will be 20 per cent. Stereotypes, electrotypes and celluloids, for almanacs and such like, will remain at 2 cents' per square inch; those of books will be free, because it has been found that the duty upon them has in no sense affected for the better those branches of the printing trade in this country. The duty upon the stereotypes and electros has, however, a different effect on book publishing, and the fact that these will be made free, while it will not in any respect injure the printing business, will assist the publishing and paper interests. Bird cages will be 35 per cent; barb wire fencing will be reduced to $\frac{3}{4}$ of a cent per pound, buckthorn and strip fencing of iron will be $\frac{1}{2}$ cent per pound. Machine card clothing will be 25 per cent, and wire cloth of brass, copper and tin will be kept at the same rate, 20 per cent. Wire of brass and copper is reduced from 15 to 10 per cent. As a concession to the manufacturers of wire fencing and wire nails, on whom the competition will fall with very great force, and who under the reduced duties will find it a hard struggle to keep up their end of the competition, we have given them a little relief by reducing the wire used for those purposes, from No. 11 to No. 14 gauge, from 25 per cent to 15 per cent.

Sir RICHARD CARTWRIGHT. What is your estimate of the loss of revenue?

Mr. FOSTER. I think there will not be any loss of revenue. Wire rope of iron or steel will be 25 per cent; manufactures, articles or wares not specially enumerated are reduced from 30 per cent to 27 $\frac{1}{2}$ per cent. Firearms will pay 20 per cent. Corset clasps, spoon clasps or busks and other ar-

cles of that class will be 5 cents per pound and 20 per cent. Gas, coal oil and electric light fixtures will pay 27½ per cent. Gas meters will pay 35 per cent. Bells of any description, 25 per cent. Brass and copper nails will also pay 25 per cent; zinc, manufactures of, 25 per cent; babbit metal, 10 per cent; phosphor bronze, 10 per cent; lead, 60 cents per 100 pounds, when in bars or blocks; old lead, 40 cents per 100 pounds; manufactures of lead, 30 per cent; cans and packages made of tin or other material, 1½ cents per quart; stamped tinware, japanned ware, 25 per cent; enamelled iron or steel ware, 30 per cent. Telephones or telegraphic instruments will be 25 per cent. Composition metal for the manufacture of filled gold watch cases, remains the same, 10 per cent ad valorem; Britannia metal and German and nickel silver, manufactures of, remain the same, 25 per cent. Manufactures of gold and silver jewellery have been raised from 20 per cent to 25 per cent, and I would have had no hesitation in raising the duty still more if I thought it would have had the effect of bringing in additional revenue, but when you go beyond a certain limit of duty no additional revenue is obtained. Sterling silver table ware and plated ware, 30 per cent, plated cutlery, 35 per cent, precious stones, 10 per cent; clocks, 25 per cent instead of 30; watches remain as before, 25 per cent. Jewellery and watch cases have been brought in under a common duty of 35 per cent. Coming to minerals, few changes have been made. Plumbago has been reduced from 15 per cent to 10 per cent; manufactures of plumbago from 30 per cent to 25 per cent. Cane or rattan, split, will be 12½ per cent. to 10 per cent; manufactures of plumbago from 30 per cent to 25 per cent. Manufactures of cane or rattan will be 15 per cent. Lumber and timber manufactures, further than rough sawn or hewn, 20 per cent; hubs, spokes, felloes and parts of wheels have been reduced from 15 per cent to 10 per cent; pails, tubs, churns, etc., reduced from 25 per cent to 20 per cent.

Mr. LANDERKIN. Is there any change on the duty on a wagon?

Mr. FOSTER. I will come to that presently. Manufactures of wood and brushes, 25 per cent; umbrella and parasol sticks, 20 per cent; veneers of wood reduced from 10

per cent to 5 per cent. Picture and photograph frames have been reduced from 35 per cent to 30 per cent; mouldings of wood from 25 per cent to 20 per cent; fishing rods are maintained at the same rate of duty, 30 per cent; furniture of wood, iron or other material reduced from 35 per cent to 30 per cent; coffins and caskets have been reduced from 35 per cent to 25 per cent.

Mr. MILLS (Bothwell). Bless the dead.

Mr. FOSTER. That will be some relief to the hon. gentleman opposite. Billiard tables, which had a series of duties, specific and ad valorem according to their grades and value, have all been put in one list at 35 per cent. In respect to carriages, two divisions have been made. Carriages had a complex duty and were graded according to their value. It has been decided to make all farm and freight wagons, carts, drays and similar vehicles 25 per cent; and to make all other carriages and buggies, including children's carriages, at a uniform rate of 25 per cent.

Mr. PATERSON (Brant). Where do bicycles come in?

Mr. FOSTER. Bicycles and tricycles come in next at 30 per cent.

Mr. MULOCK. What reduction would that be on carriages?

Mr. FOSTER. You can figure it out in this way: If a farm wagon cost less than \$50—say it cost \$30—the duty as at present would be \$10 and 20 per cent, which is \$6; the two duties would be \$16 on \$30, which would be over 50 per cent. If a wagon cost \$20 the rate per cent, ad valorem equivalent, would be still greater. The present arrangement of duties, besides lowering the ad valorem upon the farmers' wagons and all that class of wagons, does away with the discrimination against the lower valued wagons. Railway cars and the like are 30 per cent. Fibreware is reduced from 30 per cent to 25 per cent. Lead pencils are reduced from 30 per cent to 25 per cent. Musical instruments, which had a set of double duties, are reduced to a uniform duty: organs 30 per cent, pipe organs and sets or parts 25 per cent. Pianofortes had also a series of mixed duties, according to the value of the instruments, and a round duty of 35 per cent has been placed upon

them. Parts of pianos coming in as before at 25 per cent, and musical instruments at 20 per cent.

SUGARS.

We come next to the items of sugars and syrups. The present duties upon sugars, as hon. gentlemen will recollect, is 8-10 of a cent upon refined sugars, and upon all sugars above No. 14 Dutch standard. Molasses has its duty of $1\frac{1}{2}$ cents per gallon, grading up or grading down, as the molasses becomes better or as it becomes poorer. The decision of the Government with reference to sugar is this : to raise the colour standard from 14 to 16, so that hereafter all sugars not over, that is, including No. 16 Dutch standard, will come in free ; all raw sugars. That will give ingress to a very valuable class of sugars fit for the table and culinary uses, which will be brought in largely from the West Indies. At the same time the protective duty for refined sugars, which is now 8-10 of a cent per pound, is to be reduced 20 per cent, and the duty will be 64-100 of a cent.

Mr. CHARLTON. Looking to Washington.

Mr. FOSTER. No ; they will put a duty on raw sugar. That is, the committee arranged it ; but what will be done, no one knows.

Mr. CHARLTON. They have only 3-10 of a cent protection.

Mr. FOSTER. No ; the present schedule, if it goes into effect in the United States, will give a clear 4-10 protection. Glucose, or grape sugar, $1\frac{1}{2}$ cents per pound. Sugar candy, in which all have an interest, which was $1\frac{1}{4}$ cents, and 25 per cent before, is reduced to 35 per cent. The molasses clause has been made more strict in order, if possible, to include in it what is really good molasses, and to exclude from that category of a low rate of duty, what is not good molasses and syrups of different kinds and of all qualities, some good and more of them bad, which are thrown into the market. So that the arrangement of the wording has been made as strict as it possibly could be upon molasses, and a third class is made of syrups of all kinds, the products of the sugar cane or beet root.

Sir RICHARD CARTWRIGHT. Do I understand the hon. gentleman correctly that from this time out the sugar duties will be

6-10 of a cent per pound, all over No. 16 Dutch standard ?

Mr. FOSTER. Sixty-four one hundredths.

Sir RICHARD CARTWRIGHT. That is close to 6-10, practically the same. And on molasses—did he say it would be 5-10 of a cent per pound ?

Mr. FOSTER. No ; on molasses $1\frac{1}{2}$ cents per gallon of a certain test, and when it goes far below that test, my hope is that it will not be able to come in at all. Below that test it degenerates rapidly, and becomes ultimately what is known in the Maritime Provinces as "blackstrap," but it is not used, I think, there except for the purpose of making blacking.

COTTONS.

I come next to textiles, and the first is cotton. Hon. gentlemen will remember that the cotton schedule or items run over a considerable space, and combine a very large number of different specifications. An attempt has been made, and I think successfully, to very greatly lessen the confusion that arises therefrom by making the schedules definite and fewer in number. It is proposed to have the following duties upon cottons : cotton batts, batting and sheet wadding, dyed or not, which formerly had a compound duty, have an ad valorem duty of $22\frac{1}{2}$ per cent. Cotton warps and cotton yarns, dyed or undyed, which had a double or mixed duty, have been placed at 25 per cent. Cotton unbleached, which was formerly 1 cent a square yard, and 15 per cent ad valorem, has been made $22\frac{1}{2}$ per cent. White or bleached cotton fabrics, which were 2 cents per square yard, and 15 per cent, have been reduced to 25 per cent, and cotton fabrics, printed, dyed or coloured, which came in largely at $32\frac{1}{2}$ per cent duty, have been reduced to 30 per cent. That takes in the cotton schedule, being some five items, simple and plain, and avoiding all confusion in importation and appraisement.

Mr. FLINT. Does that include cotton duck ?

Mr. FOSTER. Yes, that includes cotton duck. Everything that is made of cotton finds its place in one or other of these schedules.

Mr. MULOCK. Has any estimate been attempted as to the reduction or revenue in this ?

Mr. FOSTER. No ; if I made any estimate it would simply be a guess, and would not be worth discussing. I cannot tell. We have one item after this : that of cotton and linen, xylonite, collars and cuffs, and shirts of all kinds, which is a rather difficult one to deal with. It is an industry which is very widely disseminated, which has grown to very large proportions, and which has one most excellent feature about it, especially in the province of Quebec, in that, the work is very largely distributed amongst the farmers' homes in the vicinity of these factories, where the wages are paid and where the effect of this distribution of the money is felt and seen in the general improvement and betterment of the community. In these collars and cuffs and shirts there is also a very strong competition, not only from the United States of America but more especially from the old country and from Germany. The low prices of labour on the continent enables them to put together these articles at an exceedingly cheap rate, and makes it almost impossible, makes it entirely impossible, in my opinion, without a strong vantage ground, for the manufacturers of these articles in this country to hold their own. The duties upon collars, cuffs and shirts have been arranged with reference to that condition of outside competition and to the feature of the general distribution of the work in our own country. Upon collars of cotton, linen, xylonite or celluloid, the duty, which was before 24 cents a dozen and 30 per cent, has been reduced to 24 cents a dozen and 25 per cent. Cuffs of cotton, linen, etc., have been reduced from 4 cents a pair and 30 per cent to 4 cents a pair and 25 per cent. Shirts of all kinds, costing \$3 or less per dozen, have been placed at a uniform duty of 25 per cent ad valorem, a low duty, which will, I suppose, have the effect of sacrificing that part of the industry to the foreign producer ; but shirts costing more than \$3 per dozen, worn by the better class, have a specific duty of \$1 per dozen and 25 per cent, instead of \$1 a dozen and 30 per cent. That, I believe, will keep the larger part of the industry ; and certainly there is no complaint in the country that these goods are not as well made and as cheaply sold in Canada as they are in other countries. Cotton clothing and all other manufactures of cotton, which were 35 per cent before, will be 32½. Crapes, black, 20 per cent. Velvets, velveteens and plush

fabrics are increased from 20 per cent to 30 per cent for revenue. Webbing is put at 20 per cent, instead of 25. Jeans and coutils have been imported by corset-makers under a special schedule at 25 per cent, and some would come under the new 30 per cent rate. It has been thought best to keep a special schedule for these at 25 per cent. Laces, braids fringes, embroideries and the like are reduced from 35 to 30 per cent, not because it was thought well to particularly cheapen these goods, as they are in the nature of luxuries, but because it was thought that 30 per cent would bring a greater revenue than 35. Cotton sewing thread, in hanks or on tubes, black, bleached or unbleached, which was 12½ per cent has been increased to 15 per cent, while cotton sewing thread and crochet cottons, on spools or in balls, has been kept at 25 per cent. It was considered that 10 per cent was sufficient for the operation of spooling ; a little more revenue will accrue, while the price will not be raised to the consumer. Twine and cotton cordage of all kinds, 25 per cent. Cordage not elsewhere specified, 30 per cent. Twine for harvest binders, which was reduced last year to 12½ per cent, has been kept at that rate. It is really a low rate, and has not in it now a very large element of protection, now that the different governments have undertaken to manufacture binder twine in the prisons. Boot and shoe laces are 30 per cent. Hammocks and lawn tennis nets are 30 per cent ; damask, towels, and sails for boats and ships are 25 per cent. Bags or sacks of hemp, linen, cotton or jute, which had half a dozen different kinds of duty, some of them compound, have been lumped together under a uniform rate of 20 per cent. Bags or sacks of hemp, linen, cotton or jute, and all manufactures of flax and hemp are 20 per cent. Jute cloth, dyed or bleached or calendered, 10 per cent. The silk duties have been kept as they were. Silk velvets and all manufactures of silk and ribbons are at the same rate of 30 per cent.

WOOLLENS.

When we come to woollens, the difficulty of arranging the tariff was apparent from the outset. The woollen industry is exceedingly diversified in the grades and qualities of its productions. The present duties are specific and ad valorem together. On the lowest class of goods, or shoddies, they range to a

very high ad valorem equivalent, and it has been found impossible, even with the best intentions, to do all that was desired for that part of the woollen trade. It has been found impossible to afford adequate protection to that class of goods, which at the same time would be reasonable for straight woollen goods. The Government has therefore come to the decision to make two single items of the whole woollen business. Yarns, woollen and worsted, which bore 10 cents a pound and 20 per cent ad valorem, have been made to bear an ad valorem duty of $27\frac{1}{2}$ per cent, and all fabrics and manufactures of wool have been put at the rate of 30 per cent. Women's and children's dress goods, which are imported in the rough, to be dyed and finished in this country, come in at $22\frac{1}{2}$ per cent, under regulations as to their dyeing and finishing. Felt, pressed, of all kinds, $17\frac{1}{2}$ per cent. Hosiery and knitted goods, which have borne a double duty of 10 cents a pound and 20 per cent, are put into one schedule and will pay 35 per cent. The carpet schedule, which ran over five or six items, has been reduced to one, and carpets, mats and rugs are put at 30 per cent. This will be a slight increase on Brussels carpet, which before paid 25 per cent; but those who buy Brussels carpet can afford to pay a little more for the purpose of uniformity in the schedule. Carpeting, mats and matting of cocoa, hemp or jute, the same as before, 25 per cent.

SUNDRIES.

Floor oilcloth, which before had a mixed duty, has been put in one item, at 30 per cent. Window shades, 35 per cent. Gloves and mitts, 35 per cent. Ready made clothing, $32\frac{1}{2}$ per cent. Hats, caps and bonnets, umbrellas and parasols, 30 per cent. Braces and suspenders, 35 per cent. Surgical belts and appliances, 25 per cent. In the class of sundries, artificial flowers are the same as before, 25 per cent. Buttons of hoof, rubber, vulcanite or composition, which were before 5 cents per gross and 20 per cent, have been put at 4 cents per gross and 20 per cent. Buttons of pearl, vegetable ivory or horn, which were 10 cents per gross and 20 per cent, have been made 8 cents per gross and 20 per cent. Buttons of papier maché and all other, n.e.s., which were 25 per cent, are reduced to 20 per cent. Combs, 35 per cent. Fireworks, 25 per cent. Fer-

tilizers, compounded, which bore 20 per cent, have been reduced to 10 per cent, and all uncompounded fertilizing matter comes in free, and can be imported by any person and mixed and compounded by the farmer himself for his own wants. Gun, rifle and pistol cartridges, cartridge-cases and the like are reduced from 35 per cent to 30 per cent. Nitro-glycerine, dualin, blasting, mining and gunpowder and other explosives, which bore specific or specific and ad valorem duties, have been placed in one schedule at 25 per cent. Photographic dry-plates are 30 per cent. Tobacco pipes, cigar and cigarette-holders, 35 per cent, the same as before. Trunks and valises, 30 per cent, the same as before.

THE FREE LIST.

I do not propose to trouble the House by reading the whole of the free list through. I will place that, of course, upon the Table, and it will be printed in due course. There are just one or two things that I wish specially to notice. With reference to books, I have explained that pretty fully. Generally, I may say, that all acids, drugs, dye stuffs—everything which is necessary for tanning in the manufacturing process and the like—have been taken from the dutiable list and placed on the free list. In that respect, pretty nearly all, if not all, the elements that go into dyeing, tanning and the like, have been made free. In addition to the books made free are those printed by any government or association for the promotion of science and letters, and issued in the course of the proceedings of such association, to its members, and not for the purpose of sale or trade. Also books, not being printed or reprinted in Canada, which are included in the curriculum of any university or incorporated college in Canada; books specially imported for the bona fide use of incorporated mechanics' institutes, etc. Brass scrap and brass in sheets or plates. Brass in bars and bolts, drawn, plain and fancy tubing, and other brasses, as will be seen by reference to the list, are made free. In the article of minerals, coke, which was dutiable heretofore, has been placed on the free list. This will be a large concession to the whole of the western part of this country, in so far as manufacturing is concerned.

Mr. PATERSON (Brant). Did you say anything about bituminous coal ?

Mr. FOSTER. In passing over that, I said they were kept as before. But there is one item made free, which deserves special mention, and the object of which is to afford a healthy amusement, at a cheap rate, to a large and deserving class of our population. Curling stones of granite have been made free. Dogs have been added to other fowls that come in free for breeding purposes. Globes, geographical, topographical and astronomical, have been put on the free list. Mining machinery, it will be recollected, was put upon the free list for three years.

Mr. EDGAR. That was only what could not be made in this country.

Mr. FOSTER. That has been re-enacted with an addition which will make it read as follows :—

Mining and smelting machinery, imported prior to the 16th May, 1896, which is at the time of its importation of a class or kind not manufactured in Canada.

The object is to assist, as far as possible, in holding out inducements for the establishment of new smelting furnaces.

Mr. FRASER. Will that include such machinery as is required for the washing of ores as well as the mining of ores ?

Mr. FOSTER. It will include just what is understood under smelting machinery. I am not sufficiently versed in mining and smelting machinery to know just how far it will go, but the Controller of Customs and the Minister of Justice will take care that it does not go too far. Shoe buttons, papier maché ; metal glove-fasteners, eyelets, hooks and eyelets for boots and shoes, and lacing hooks, are free. Sugar, not above No. 16 Dutch standard in colour, sugar drainings or pumpings, drained in transit, melado or concentrated melado, tank bottoms and sugar concrete, are also free. With reference to woods, logs and round unmanufactured timber, not specially enumerated or provided for in this act ; firewood, handle bolts, railroad ties, ship timber and ship-planking not specially provided for in this act, and other woods as mentioned in the schedule, are free. This is a special concession, and I hope will prove a useful one in Manitoba

and the North-west. There was no one feature of our examination into the condition of things in that part of the country, which impressed itself so forcibly on my mind, as the combine which existed for the distribution and sale of lumber. Every town was parcelled out. One or two men were selected, to whom was given the monopoly of selling in each place. The prices were fixed, and if they sold a fraction of a cent under the fixed prices, their privilege was taken away and given to somebody else. That monopoly bore heavily on the people in that country, where lumber is so essentially necessary in the making of barns and houses, and I came to the conclusion that if possible help should be given by putting lumber upon the free list, and that has been done. But there is a codicil, which will, I know, please my hon. friends opposite. These articles are free, but it is provided that :—

If any country shall impose a duty upon the articles in this schedule enumerated, or any of them, when imported into such country from Canada, it shall be lawful for the Governor in Council, from time to time, by proclamation published in the *Canada Gazette*, to declare that the following export duties, or any of them, shall be chargeable upon logs exported into such country from Canada.

The articles enumerated are as follows :—

Pine, Douglas fir, fir balsam, cedar and hemlock logs not exceeding \$3 per thousand feet board measure. In case of the export of any of the above enumerated logs in shorter lengths than 9 feet, then a rate per cord may be levied in the same way, equivalent to the above enumerated rate per thousand feet, board measure. And export duty shall be chargeable accordingly, after the publication of such proclamation: Provided that the Governor General in Council may by proclamation published in like manner, from time to time, remove and reimpose such export duty.

Wood pulp, mechanically ground, and chemical wood pulp, bleached or unbleached, are added to the free list. I think I have exhausted the patience of the House, and your patience, Mr. Speaker.

Sir RICHARD CARTWRIGHT. What is the total effect of this on the revenue ?

Mr. FOSTER. I therefore will conclude this long series of remarks by giving the hon. gentleman the information which I have at hand. The total reduction of revenue resulting from the changes, taking as a basis the imports of last year, will be about \$1,-

500,000 or \$1,600,000. This takes into account the additions to the revenue which we may fairly calculate upon, as in the case of rice.

Sir RICHARD CARTWRIGHT. That is the net loss.

Mr. FOSTER. That is the net loss. That is a rather bold reduction to make, the situation being as at present, but I have every hope that the depression in the revenue will be short lived, and that in a few months the revenues of the country will recover their buoyancy with recovering business on the other side of the line, in Great Britain, and, I hope, the world over. However that may turn out, I think that what we have to face, as a prudent people, and to face cheerfully, is the fact that we may be short in revenue for a year or two as compared with former terms. It is our duty, in making this reduction and incurring that shortage, to keep the expenses of the country well within our revenue, whether it slightly exceeds our expectations or whether it does not fully come up to them. I wish to state this one thing in addition : After all that has been done in the United States, after their election, run upon the basis of tariff revision, and after the question has been thoroughly fought out in the House of Representatives, there is a net result, if the Wilson Bill is carried as at present, of an average protection on dutiable imports of 30·66 per cent. That is a little over the average upon the dutiable imports in Canada under the present tariff. The American representatives came face to face with the facts ; their theories had to be put to the test of a practical solution, and the leaders, in the preparation of the Bill, and in the House itself were obliged frankly to acknowledge that they could not make a free trade measure and that they had to embody in the Bill the principle of protection. That principle has been embodied in it from the first. But, after all the agitation that has taken place, their average ad valorem duty, calculated on the basis of their imports, will be a little higher than our average ad valorem duty under the present tariff. Under the reduced rates which I have just given, our ad valorem duty will be, on the average, about 28 per cent, which is a large reduction, and much below that of the United States as it will be if the Bill is carried as proposed.

I want to say, in conclusion, just one more word with reference to the principle of reciprocity. We have been charged with not dealing with the United States in a fair and reciprocal spirit. We must consider the whole line of the Customs tariff. We know this fact, that the McKinley Bill in 1893 (the last year of its operation if the new Bill is carried) charged an ad valorem duty equivalent to an average, on the table of imports, of 49½ per cent, while our tariff, as regards dutiable imports for home consumption, went down to an average of 30·28 per cent. Ever since they have had a protective system their duties have been, on the average, from 15 to 20 per cent higher than ours, and, in some cases, their duties have been double what ours have been. Take cotton warps and yarns—their average duty in 1890 was 46 per cent ; in 1891 they were 49 per cent ; in 1892 they were 49 per cent ; and in 1893 they were 50·23 per cent. On carpets, they have had an even 50 per cent ; on cotton cloth from 46 to 48 per cent ; knitted goods, in 1892, an average of 68 per cent. The total cotton manufactures have borne a duty of 55 per cent, and so on through the whole list. It cannot be argued that, in the matter of arrangement of duty we have not treated them fairly. They have been able to get over our wall, but it has been almost impossible for us, in nearly every line of manufactured goods, to get over the wall they have built around their country. I thank you, Mr. Speaker, and the members of the House for the attention with which you have listened to me.

Mr. DAVIES (P.E.I.) Will the hon. gentleman allow me a question ? He has mentioned that garden seeds remain as before. Is grass seed in the same category ?

Mr. FOSTER. Yes ; it remains as before.

Mr. CHARLTON. If the hon. gentleman will permit me I desire to ask a question. As I understand the hon. gentleman, boards, deals, etc., are placed upon the free list, with a provision that nations that do not reciprocate shall have an export duty placed upon logs and some other articles. A contingency may arise with regard to which I wish to inquire. The American Congress has now a tariff bill under consideration, which bill places these articles upon the free list. Consideration of that bill may not be com-

pleted and final action taken as early as final revision upon this bill. Under the provisions of the tariff just explained by the hon. gentleman, as I understand it, we are liable to have export duties imposed in the interim between the time this bill is passed and the time the American bill is acted upon. If that were the case, it would have an irritating effect and might very seriously compromise our chances of getting free admission for our lumber into the United States. Would such a contingency arise?

Mr. FOSTER. No; it is not the intention that any contingency of that kind shall arise.

Mr. PATERSON (Brant). I suppose the intention of the hon. Minister in the resolutions he has placed before us is to repeal the present provisions of tariff enactments and to consolidate the law?

Mr. FOSTER. Yes.

Mr. PATERSON (Brant). As the hon. Minister proceeded I did not observe that he referred to some articles which had occurred to my mind, and he has forgotten to tell us what rate he intends to impose on unenumerated articles.

Mr. FOSTER. The same as before, 20 per cent.

Mr. SOMERVILLE. I would like to ask the Finance Minister if it is the intention to allow stereotype plates for newspapers to come in free?

Mr. FOSTER. There is no change in that respect; stereotypes for books come in free. I have already, Mr. Speaker, thanked yourself and the members of the House for the attention with which you have listened to me.

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CANADA

BUDGET SPEECH

DELIVERED BY

HON. GEORGE E. FOSTER, D.C.L., M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

FRIDAY, 3RD MAY

1895



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE QUEEN'S MOST
EXCELLENT MAJESTY

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WAYS AND MEANS—THE BUDGET.

Mr. FOSTER moved :

That the House resolve itself into Committee to consider the Ways and Means for raising the Supply to be granted to Her Majesty.

REVENUE, 1893-94.

He said : Mr. Speaker, the revenue was estimated last year when I delivered the exposition of the Budget, at \$36,500,000. The actual revenue which has accrued is \$36,374,693, being less than my estimate by \$125,307. On looking at the items of increase and decrease in the revenue for the past year, it will be found that Customs realized \$19,198,114, being a decrease over the Customs yield for the preceding year of \$1,755,889. Excise yielded \$8,381,088, being an increase over the preceding year's collection of \$13,724. From Miscellaneous there was derived \$8,795,489, a decrease of \$51,751. The total decrease as compared with the preceding year was \$1,793,915. It has been customary for a number of years to read the principal items of increase or decrease respectively, and I shall follow that practice this year. Comparing 1894 with the preceding year, it will be found that in the following lines of articles reductions in duties have taken place :—

Ale, beer and porter.....	\$ 2,654
Animals, living	12,252
Books, periodicals and other matter, N.E.S.	15,217
Brass and manufactures of.....	20,551
Grain of all kinds.....	10,735
Bricks and tiles	4,477
Carpets and squares.....	4,477
Cement	3,894

f 1½

Clocks and clock springs	\$ 4,207
Coal and coke	147,860
Copper and manufactures of	26,060
Cotton, manufactures of	156,775
Drugs, dyes, chemicals and medicines	70,261
Earthenware and china.....	13,110
Fancy goods	21,384
Flax, hemp and jute, manufactures of	48,705
Gloves and mitts.....	12,192
Gold and silver, manufactures of.	3,529
Gunpowder and other explosives.	10,625
Gutta percha and India-rubber, manufactures of	50,370
Hats, caps and bonnets	31,366
Iron and steel, manufactures of.	421,683
Lead and manufactures of.....	14,569
Leather do	58,828
Metal, composition and other....	12,594
Musical instruments	19,622
Oil, except coal, kerosene and products of	19,982
Oilcloth	12,400
Paints and colours.....	9,440
Paper and manufactures of.....	72,217
Pickles, sauces and capers of all kinds	15,277
Printing presses.....	8,365
Salt	3,920
Silk, manufactures of.....	83,188
Soap of all kinds.....	6,606
Spices do	5,774
Stone and manufactures of	2,541
Sugar, molasses	2,760
do candy and confectionery.	10,153
Tobacco	4,749
Turpentine, spirits of	3,369
Watches and parts of.....	8,091
Wood and manufactures of.....	56,550
Wool do	432,515
All other dutiable goods.....	132,472

On the other hand in the following instances we have received increased amounts over those received on the same articles in 1893 :—

Arrowroot, biscuit, rice, macaroni, &c.....	\$ 2,370
Carriages	23,723
Embroideries	\$11,340
Fish and products of.....	4,617
Fruit and nuts, dried.....	52,569

Fruit, green.....	63,347
Glass and manufactures of.....	2,380
Oils, coal, kerosene, and products of	22,537
Packages	9,852
Provisions :—butter, cheese, lard and meats.....	28,478
Seeds and roots.....	3,967
Spirits and wines.....	58,284
Sugar of all kinds.....	11,894
Tea	8,737
Vegetables	6,523

In the other chief item of taxation, Excise, there has been as already pointed out a slight increase on the receipts of 1894. It will be noticed that the decreases are pretty generally spread over the list of imported articles; the increase being principally in the articles I have named, and not nearly so extensive in their scope. Taking up the Trade Returns, there are two or three points that may be emphasized. The total imports were less than the preceding year by \$8,611,047. The dutiable imports were less by \$7,094,389. The total imports of merchandise were less.

Sir RICHARD CARTWRIGHT. Are you including coin and bullion in the total imports?

Mr. FOSTER. In the total imports, the coin and bullion are included. The total imports of merchandise—there coin and bullion are not included—was less by \$6,099,919, but the free imports show an increase over the preceding year of \$994,470. In looking for the reasons for the shrinkage or diminution in the Customs revenue, I suppose we will all agree that they may be found under three heads—namely, either reduced consumption, or shrinkage in values, or in addition and in conjunction with that the reduction of taxation which follows in ad valorem duties upon the shrink-

age in values. Now, it may have been the opinion of some that a large proportion of the fall in revenue was due to under-consumption, but if you take into account the figures that I gave as to the imports of dutiable goods and merchandise, especially, and also take into account the shrinkage in values which is known and acknowledged, I think we shall easily come to the conclusion that so far as imported goods were concerned in the year 1893-94, as to their bulk or volume there was very little less consumption of them in Canada than in the year preceding. I look, therefore, for the chief cause of diminution in the Customs revenue, as compared with the preceding year, to a shrinkage in values of imported goods, and the consequently lessened amount of duty paid upon the diminished or decreased value. That would be easily apparent. Suppose that dutiable goods to the amount of \$70,000,000 are brought in, and that there is a shrinkage of value, compared with the succeeding year, of 5 per cent; if the duties of the preceding year were 30 per cent, the same rate of duty applied to the value diminished by 5 per cent would give you a very considerable fall in the revenue to be derived. It is from this source that, I think, the largest part, by far, of the diminution of the duties from Customs has arisen. If we go to the Excise, we will find in reference to it, that there was a slight decrease in the duty upon the spirits. The following comparative statement gives the transaction in the several articles usually included under this head, the amount taken for consumption, and the duty accrued thereon as reported by the hon. Controller of Inland Revenue :—

— c	Quantity.	Quantity.	Duty.	Duty.	Increase.	Decrease.
	1893.	1894.	1893.	1894.	1894.	1894.
Spirits..... Galls.	2,747,597	2,754,607	\$4,139,306	\$4,131,387	.....	7,919
Malt..... Lbs.	50,082,751	51,311,206	1,001,655	950,815	.....	50,840
Cigars..... No.	114,668,809	115,392,857	681,628	689,184	.....	7,556
Cigarettes..... "	42,870,100	55,143,500	64,305	82,715	.....	18,410
Tobacco and snuff.... Lbs.	10,000,062	9,837,084	2,379,812	2,364,153	.....	15,659
			\$8,266,706	\$8,218,254	25,966	74,418
						18,452

The duty accrued, as will be seen, has declined somewhat, but sufficient has been received from methylated spirits to counteract this, and to give us, besides, the small increase before-mentioned of \$13,725. The diminution of \$50,840 on malt was due, of course, to the decrease in the duty on malt. Altogether, the excise shows a slight gain of \$13,725, a gain arising from the profits upon the sale of methylated spirits, a branch of industry which is carried on under the supervision of the Excise Department. It has been customary to give a table of the comparative consumption, by population, of spirits, beer, wine and tobacco. It is for this year as follows :—

	Spirits.	Beer.	Wine.	T'b'co
Average from 1867...	1·087	2·832	·137	2·154
do for 1892-93...	·740	3·485	·094	2·314
do for 1893-94...	·742	3·722	·089	2·264

The detail this year shows for 1893-94 a consumption of spirits of ·742 ; of beer, 3·722 ; of wine, ·089 ; and of tobacco, 2·216, showing, in spirits, a very slight increase, in beer a considerable increase, in wine a slight decrease, and in tobacco a slight decrease. If you take the per capita consumption in 1893-94 and compare it with the average of 1867, it will be found that in the case of spirits, the reduction is equal to about 31 per cent, the decrease of wines is 35 per cent, while there has been a decided increase in the per capita consumption of beer, and a slight increase, not very much, in the per capita consumption of tobacco.

Sir RICHARD CARTWRIGHT. May 1 ask what you call the present population of Canada, in making that per capita statement ?

Mr. FOSTER. The present population would be a little over 5,000,000. I do not remember exactly the odd figures, but it is over five millions. The next source of revenue is Miscellaneous, which shows a decrease of \$51,751 ; but we must recollect, with reference to that, that 1892-93 showed a very large increase over the preceding year, an increase amounting to \$319,775 ; so that the revenue derived from miscellaneous works and investments still stands at about \$270,000 more than that of any year previous to 1892-93, during the existence of confederation ; and the whole decrease of \$51,751 as compared with 1892-

93, is more than accounted for by an abnormal falling off in the revenue from fines, forfeitures and seizures. So that, taking that fact into account, miscellaneous receipts have been larger in the year 1893-94 than in the preceding year, and larger than in any previous year since 1867. Now, that fact is worth noting. As we look through the receipts, it appears that although there was a falling off in the receipts of the Fisheries Department, which, however, were larger this year than in any preceding year except 1892-93, and in the fines, forfeitures and seizures, which are variable, in casual revenue, in cullers' revenue, in gas revenue, in interest on investments, in revenue from insurance, in revenue derived from the industries in the penitentiaries, and in post office revenue, there have been increases ; while in the revenue from public works, which include railways and canals, the loss was only \$58,700 ; and yet from this source the revenue remained the highest of all but two years since 1867, namely, the years 1889-90, and 1892-93. Now, the receipts under Miscellaneous may be denominated earnings, coming as they do from our public works, railways, post offices and investments ; and they form a very good index to the state of business and the financial health of the country ; and it is gratifying that in the year 1893-94, when what has been called hard times have been prevalent the world over, and Canada has had to bear a share with the rest of the world, our revenues from these sources have—if you take out the falling off from forfeitures, fines and seizures—been larger than those of the preceding year, and larger than those of any other year since confederation.

EXPENDITURE, 1893-94.

I come now to the expenditures for 1893-94. They amount to \$37,585,025, an excess over those of 1892-93 of \$770,972. This might at first glance be cited as an evidence of extravagant expenditure on the part of the Government in a year of financial stress, and a want of prudence and foresight in managing the controllable expenditures. But if we look into the items which have chiefly caused this increase, we shall find that there is another reason for it. Of this increase of \$770,972, in expenditure, \$405,-

707 is due to interest on debt, \$35,846 to sinking fund, which is a laying up against debt, and \$270,889 to subsidies to provinces, which if taken from this treasury go to help the different provincial treasuries. These items all told make a sum of \$712,442, which is within \$58,530 of the total over-expenditure of 1893-94, as compared with that of 1892-93. But there is another point bearing upon this. Previously, there were certain branches of the service which were earning, and in which the departments were in the custom of selling what they made, buying stock with the receipts, for the purpose of making again, and at the end of the year handing over the balance on hand to the Receiver General. Two years ago it was thought well to stop that system and have appropriations made for every expenditure, and have the receipts on account deposited at once with the Receiver General. Under this head there came methylated spirits, the expenditure on which last year was \$88,654, which sum appears among the expenditures of that year, whereas in the preceding it did not appear at all. As we had a revenue for methylated spirits during the year of over \$100,000, the expenditure on this account is, of course, not an over-expenditure. The same remark applies to the sum of money which has been placed in the hands of the Department of Agriculture in the form of advances for the purchase and sale of dairy products, for which \$36,000 was appropriated last year against \$6,000 for the preceding year; so that although this sum appears among the expenditures and consequently counts as an over-expenditure in the comparative statement, it is not an over-expenditure in reality. It is simply what we may call a returning vote, which goes out and comes back again, which formerly went out and came back without an appropriation, but which last year was estimated for and became an appropriation. The same is true to a certain extent with regard to the sum of \$74,210, which was expended for binder twine, machinery and stock in the penitentiary at Kingston. That was an extraordinary outlay. Last year there was no income to set off against it; but it was a preparation for income, and up to the 31st of March this year, the sum of \$16,400 has been received on account of sales made in the penitentiary, and in the coming season

which we have just entered, it is estimated that over \$40,000 will be received from these sales. Then, there is a post office over-expenditure of \$96,058, and an over-expenditure on account of premium and exchange in connection with the debt of \$13,428; but against these are increased receipts of \$35,800 from the post office, and \$24,000 on account of premium and exchange. Summing up these remarks, the whole result is, that although there was an increase in the expenditure of 1893-94 of \$770,972, of this amount \$712,442 is statutory, for interest, sinking fund, and subsidies to provinces, and \$198,864 is extraordinary for methylated spirits, dairy advances and binder twine machinery, which had formerly not been, but which last year were, included in the Estimates, but against which the sum of \$101,000 for methylated spirits, \$36,000 for dairy products, and during the course of this year about \$56,000 for the sale of stock manufactured at the Kingston penitentiary, operates as a set-off. We find that there has been a decrease in expenditures, in charges of management, in the Fisheries Department, in Legislation, in Lighthouse and Coast Service, in Militia and Defence, Miscellaneous, Mounted Police, Pensions, Police, Railways and Canals, Superannuation, Adulteration of Food, Culling Timber, and in Dominion lands. There has been an increase in interest and Sinking Fund, which are statutory, in the Administration of Justice, which is largely statutory, in Agriculture, owing to the dairy advances, without which there would have been no increase, some increase in Civil Government, Geological Survey, Immigration, Quarantine, Indians, Mail and Steamship Subsidies, Marine Hospital, Ocean and River Service, Penitentiaries, Public Works, Subsidies to Provinces, which are statutory, Customs, Excise, Post Office and Weights, and Measures. So that the \$36,374,693 of revenue failed to meet the expenditure of \$37,585,025 by \$1,210,332, which measures the size of that unwelcome visitor, as a deficit has been called. But we must recollect this, that if there is a deficit on the year's operations of \$1,210,332, there is included in the expenditure the sum of \$2,131,360 for sinking fund, which is so much laid up against debt, so that the result, translated into the vernacular, of last year's revenue

and expenditure, is simply this, that with the revenue we met all the expenditure for the services of the country outside of capital, and laid up against the debt \$921,028. There is also another consideration that may be noted just here, namely, that although there is a deficit of \$1,210,332 we have a net surplus from 1887-88 to 1893-94 of \$7,476,843. There is also one other fact of very great significance. It is this: that in the year 1893-94 303,793,677 pounds of sugar were imported for home consumption into Canada. If the rate of duty which was charged in 1890-91 and then taken off, had been imposed on that imported sugar last year, the duty which would have accrued would have been \$4,821,205. This would have swept away the deficit and left \$3,610,873 to go against the diminution of the debt or for capital. The net result to the people of Canada is this, that while it has cost them \$38,324 as an interest burden to carry the deficit, they have saved into their pockets \$4,821,205.

EXPENDITURE FROM CAPITAL, 1893-94.

The expenditure on capital last year, 1893-94, as compared with 1892-93, was as follows:—

	1893-94.	1892-93.	Increase or Decrease.
R. R. & Canals...	\$3,612,913	\$2,782,490	+ 830,423
Public Works....	102,058	181,877	— 79,819
Dom. Lands.....	149,146	115,038	+ 34,108
	<u>\$3,864,118</u>	<u>\$3,079,406</u>	<u>+ 784,712</u>
R. R. subsidies...	1,229,885	811,394	+ 418,491
	<u>\$5,094,003</u>	<u>\$3,890,800</u>	<u>\$1,203,203</u>

Our debt on the 30th June, 1894, stands at \$246,183,029, which is established as follows:—

	Debt.
Capital expenditure, 1893-94	\$5,094,003
Charges loan management.... . . .	330,353
Deficit.. . . .	<u>1,210,332</u>
	6,634,689
Less sinking fund.....	\$2,131,360
Transferred and refunded..	<u>1,339</u>
	<u>2,132,700</u>
Addition	\$ 4,501,989
Debt, 30th June, 1894.... . . .	<u>\$246,183,029</u>

Sir RICHARD CARTWRIGHT. It might be convenient to state here why you charge \$330,000 to management last year.

Mr. FOSTER. I will state that when I come to touch the loan, which I will do shortly.

THE PUBLIC DEBT.

The total addition to the debt is \$4,501,989. Adding that to the additions in former years, and we have from 1890 to 1894 inclusive, a total addition to the debt of \$8,652,987, which is an average of \$1,730,597 per year. But that addition to the debt is not all what would be generally taken in business matters as an addition to the debt. When you make a loan there are three courses you may pursue. You may put your loan upon the market in such a way that you may realize a premium from it. You may put it on the market so that you sell it at par, or you may put your loan upon the market below par—and this last, on almost all counts, is considered by far the preferable way. But if you put your loan upon the market below par, the amount of discount which you pay, although it is charged to capital, and has been always so charged in our books, is really only the result of what you consider to be the best means of floating your loan. You may incur it, or you may not; and it is, to all intents and purposes, an advance payment of interest, which you would not otherwise pay if you floated your loan at a larger per cent, and, therefore, had no discount. Well, of that class of expenditure on loans, there was \$230,353 for the year 1893-94; \$139,951 for 1892-93; and \$1,122,541 for the year 1891-92. And then there was a transfer for the North Shore Railway bonds, which is simply a matter of book-keeping. They gave us no revenue before though they appeared as assets, and, consequently when they were written off appeared as an addition to the debt; but, nominally, they were assets, and \$970,000 is the sum of that transfer. That makes \$2,662,845 for these objects. Taking that from the total creation of debt, 1890-4, you have a creation of debt for the public service of the country of \$6,090,142, or a yearly average of \$1,198,028. Now, the point I wish to make is this: In the first place, the average yearly addition to the debt in these five years is small, being \$1,730,597. The amount of capital expended in

widening and deepening the canals, alone, in these years, amounting to \$8,868,343, or more than the whole amount of the additions to the debt incurred between 1890 and 1894.

REVENUE AND EXPENDITURE, 1894-95.

I now come to the revenue and expenditure for 1894-95, the estimate of which will be most clearly exhibited in the following table :—

Total revenue for 1893-94.....	\$ 36,374,693	Total expenditure	\$ 37,585,025
Revenue up to 20th April, 1894.....	29,261,171	Expenditure to 20th April, 1894.....	25,085,570
Revenue up to 20th April, 1895.....	26,266,757	Expenditure to 20th April, 1895.....	25,984,658
Revenue, 20th April, 1894, to 30th June, 1894	7,113,521	Expenditure, 20th April, 1894, to 30th June, 1894	12,499,454
	33,380,278		38,484,113
Add anticipated betterment.....	419,722		
Total actual and estimated revenue, 1894-95	33,800,000	Subtract anticipated less expenditure	184,113
Expected deficit	4,500,000		38,300,000

There are certain signs of betterment which, I think, justify me in estimating an appreciable increase of the Customs revenue during the period I have mentioned of the current fiscal year. After carefully looking over the matter, I have estimated the sum, in round numbers, at \$500,000. But, to bring the result out in round numbers, and avoid multiplication, I have put the amount down at \$419,722, which will make the total revenue for the current year, actually accruing, and estimated by me to accrue, \$33,800,000, as stated. On the other hand, I have estimated, after looking as carefully as possible into the works that are in progress—and I have been very conservative in my estimate so as not to make the mistake of under-estimating the expenditure—that there will be a reduction of \$184,113 in expenditure, as compared with last year. This makes the total actual expenditure, \$38,300,000. Subtracting one from the other by an arithmetical process for which we are all competent, we find the deficit expected for the present year, \$4,500,000. Now, it may have been noticed that the expenditure for the year up to the 20th April, of the year through which we are now passing, is greater than that of last year, by a considerable amount. I wish to read the principal items of the increase, to show that it has not been an over expenditure that was controllable. The interest on debt, accounts for \$179,203; legislation, revision of the voters' lists, \$155,566. The undertaking which we made with the Brit-

ish Government, and which we are carrying out jointly with the British Government at Esquimalt, is responsible for expenditure of \$143,356. Subsidies to provinces, \$178,957. Excise, \$64,989—in the item of methylated spirits. This makes a total of \$722,072 on these items, part of which are statutory, and, as regards the Esquimalt expenditure, a matter of agreement, and as regards the Excise, chiefly a matter of book-keeping, and the revenue accrues on the other hand, as I have stated. The increase on account of legislation is for the revision of the voters' lists.

Sir RICHARD CARTWRIGHT. How long will the Esquimalt expenditure continue?

Mr. FOSTER. I think another year will finish it, or nearly so—that is the extraordinary expenditure; after that there is maintenance of the school of marine artillery, which is jointly kept up. Now, in looking to find the reasons for the decrease in Customs revenue, we have been discussing, I find that the imports for home consumption to 1st April, 1894, were \$86,370,739, and to 1st April, 1895, they were \$78,126,603, showing a loss in the current year, compared with last year, of \$8,244,136. So that during the current year more will have to be accounted for as to the decreased revenue by lessened consumption; but yet, taking into account the great fall in prices, which the London "Economist," a very conservative and very reliable paper, esti-

mates at $7\frac{1}{2}$ per cent for the year, taking that into account, it will be seen that so far as volume or bulk is concerned, the consumption of this year has not fallen much below the consumption of the preceding year; and it is satisfactory to know that up to the date I mention, April, 1895, the exports of Canada have been greater by half a million dollars than the exports of Canada for the same period last year. The chief reason for the reduction in customs collections, then, is the one that I noticed with reference to the preceding year, the great shrinkage in value, and the reduction of duty, a reduction of duty which arises from these causes in the current year namely, the reduced duties of last year, the change to ad valorem from specific in a number of articles, the lessened duties that accrued on the lowered value from the ad valorem duty, and the greater quantity of free goods, goods that were formerly dutiable, but which were placed upon the free list, as compared with the preceding year. Against the deficit of \$4,500,000 of the current year, we have also to note the fact that I noted with reference to the deficit of the preceding year. So far as returns go up to date, and an estimate being made for the remainder of the year, the year 1894-95 will see an importation of 310,000,000 pounds of sugar for home consumption. If that sugar had been dutiable at the rate of 1890-91, the duty that would have accrued upon it would have been \$4,900,000; so that if that duty had been kept intact, and all the other reductions had been made that were made, we would still have had sufficient to prevent any deficit for the present year, and have allowed a small sum over for capital account. So that the account of the people vs. the state in this transaction is simply this, that the people will have kept in their pockets, by the removal of the duty, \$4,900,000 which they would otherwise have paid, and that the interest that will be paid for carrying the deficit is but \$142,500; that is, they will have paid for carrying the burden of the deficit \$142,500, and have saved in taxes to themselves nearly \$5,000,000. If you take capital expenditure up to the 20th April, 1895, there was expended on railways and canals, \$1,967,435; on public works, \$71,021; on Dominion lands, \$69,508; on railway subsidies, \$1,-

226,613; making in all, \$3,330,579. It is estimated that to the end of the year there will be an expenditure of \$1,669,421, which makes an estimate of the capital expenditure for the year of \$5,000,000. Add to that \$5,000,000 the deficit of \$4,500,000, and you have \$9,500,000, from which if you deduct the sinking fund, you will have for the current year an addition to the debt of \$7,300,000. Now, Sir, if we take the debt addition from 1890 up to the end of 1895 on this basis, it will amount to \$15,952,987. But there is this point to be considered by the House, as it will, of course, be considered by the country, that taking the three articles of glass, anthracite coal and sugar, there have been taken off by the reduction of duties in the way of glass, the removal of duties on anthracite coal and on sugar in those years, the sum of \$23,656,270. So that had the duty on glass, anthracite coal and sugar been kept exactly as it was in 1890—or in the case of anthracite coal the duty which was removed a few years earlier—the account would stand thus: that the people would have paid into the treasury \$23,656,270 of taxation, which would have extinguished the debt addition of \$15,952,987, and left seven and three-quarter millions as available to decrease the public debt. I say, Sir, without fear of successful contradiction, that you cannot find an example in the history of a modern country where, in five years, so large a reduction and removal of taxation has taken place as has taken place in the Dominion of Canada since the year 1890.

Mr. MILLS (Bothwell). What a calamity.

Mr. FOSTER. I hope my hon. friend will not treat this matter with levity.

Mr. MILLS (Bothwell). The public will not.

Mr. FOSTER. No, I am quite sure the public will not; the public will appreciate the statement that is now being made.

THE POSITION OF CANADA.

There are some considerations which, at this stage, I wish briefly to present to the House as to the general condition of the country in the year which has passed, and for better comparison, in the series of years that has passed, during which we may be said to have been passing through a period of de-

pression in trade and in industry. I do that for two reasons: in the first place, for the sake of having a true and clear conception of what has actually been the results; and in the second place, of setting that true and clear conception against what is given throughout the country in the arguments of hon. gentlemen opposed to us, as being indications of a period of distress arising from a bad trade policy, and bad government management, such as Canada has never before, in their own words, experienced or passed through.

AS TO ITS CREDIT.

Sir, one of the very best indications of the condition of a country is the position that its credit takes and maintains in the money markets of the world. Now, Sir, it so happens that in the very midst of the depression and demoralization of trade that has been visiting the world, and visiting Canada to a certain extent, it becomes necessary, in October, 1894, for Canada to put a loan upon the 1894, for Canada to put a loan upon the London market. That loan was put on the market in the midst of financial and trade depression which had had the effect of loading a large amount of money, an almost unprecedentedly large amount, into the vaults of London, money, Sir, which would not be tempted out of its hiding or hoarding place, except by the very best of securities, and consequently affording the best test of the condition of the securities of a country which came for a loan to that market. At a time when the colonial securities were at their lowest, when the securities of our sister colonies were very low indeed, when Canadian trade was decreasing, and our revenue was diminishing, the monthly statements to that effect being in the hands of the moneyed men in London to be read and known by all, when the value of securities was never so carefully investigated and so keenly weighed, and when good securities stood for something in the period of their best testing time, a loan was put on behalf of Canada on the British market of two and a quarter millions at 3 per cent, at a minimum of 95. What happened? This, that the tenders received for that loan were the most widely distributed and had the widest scope among real, individual, bona fide investors of any loan

that has ever been placed by Canada on the British market. No less than 566 different tenders were sent in for that loan. Although two and a quarter millions were asked for, nearly twelve millions of pounds were offered. The highest went at £99 12s. 6d. or nearly par, nearly 50 per cent of it went at £97 8s. 6d., while the average was £97 9s. 2d.; and when you take the discount and cost and calculate the rate of interest, it appears to be $3\frac{1}{4}$ per cent, the best loan that was ever placed on the British market by Canada. Now, that counts for something; and the mere recital of that fact will go further than many hours of windy declamation and strong assertion which may be indulged in by the enemies of Canada, or by its professed friends for political and party purposes.

Sir RICHARD CARTWRIGHT. The hon. gentleman has not, I believe, placed the prospectus of the loan on the Table of the House yet.

Mr. FOSTER. No, I will bring it over. A short time after that, the United States put an issue of bonds on the market, and the rate of interest which those bear and which the United States have to pay is within a fraction, in fact I think it is absolutely, $3\frac{1}{4}$ per cent, whilst the Canadian loan went on the British market at $3\frac{1}{4}$ per cent. If we look at the difference in the circumstances we may find certain reasons why the loan of the United States went at a higher rate than it otherwise might have gone; but the fact remains that a great country like the United States, putting out an issue of sixty millions of bonds, the payment of which was undoubtedly secure, have had to pay $3\frac{1}{4}$ per cent, while Canada pays but $3\frac{1}{4}$ per cent on her loan.

AS TO ITS SAVINGS.

Another evidence of the condition of Canada is to be found in its savings.

Mr. MILLS (Bothwell). Hear, hear.

Mr. FOSTER. The hon. member for Bothwell says "hear, hear." He does not believe that such is the case—he treats the idea with contempt. But when his colleague was Minister of Finance from 1874-78, he did not treat an argument like that with contempt; he put it forward as a very

strong point in favour of a better condition of affairs than some of his opponents argued as existing. The hon. gentleman thinks a great deal of Liberal traditions, of Liberal precedents and Liberal principles as they are exemplified by the present Government in Great Britain, and he has only to read the telegraphic despatches of the speech of the Chancellor of the Exchequer yesterday to find that he went into an elaborate argument to show that the position of Great Britain was not so bad as had been stated, and the argument on which he relied was the increase in the savings of the people. Without doubt it is an argument which has weight. How does that hold with respect to Canada? Simply in this way, that whilst from 1874 to 1878 there was a decrease during that period of hard times, which may be compared with the period through which we have been passing, of \$353,057, or $4\frac{1}{2}$ per cent; yet in the five corresponding years in Canada there has been an increase of \$41,271,908, or an increase of 21 per cent.

Sir RICHARD CARTWRIGHT. May I ask the Finance Minister of what the forty-one million consist? Does the hon. gentleman mean the Government Savings' Bank deposits?

Mr. FOSTER. No, I mean all the savings of the people, Post Office Savings' Bank, the Dominion Savings' Bank, savings in our chartered banks, on deposit, on call or for a fixed time, and of the District Savings' Bank of Montreal.

Mr. MILLS (Bothwell). And loan societies?

Mr. FOSTER. No, I do not include them in that comparison, although I might do so.

Mr. MILLS (Bothwell). Certainly.

AS TO FAILURES IN BUSINESS.

Mr. FOSTER. The failures are also a fair indication of the condition of the country. What do we find to be the result in Canada? In 1890 the failures for the year, according to Dun, Wiman & Co.'s report, represented liabilities of eighteen million dollars; in 1894, there were \$17,600,000, or a decrease of 2 1-5 per cent; the same authority gives the liabilities in 1874 as \$7,696,000, and in 1878 as \$23,908,000, an increase of 210 per cent. If hon. members will take a fairer

comparison, and take the average from 1874 to 1878, they will find that it was \$22,297,000, while the average from 1890 to 1894, was only \$15,690,000, there being a yearly average in excess during the period from 1874 to 1878 of \$6,500,000 as compared with the period from 1890 to 1894.

AS TO THE COURSE OF TRADE.

We can also take up the condition of trade, and I am here to say that the condition represented by the results arrived at, from a careful comparison of the course of trade in Canada during the last five or six years, is eminently favourable, and is one of which we have no reason to be otherwise than proud. Let us take the trade of last year. It shows for last year an export increase to Great Britain of \$4,500,000, to France of 100 per cent, although the amount is not very large—

Mr. LAURIER. Hear, hear.

Mr. FOSTER. Still it is an increase, and I am very sorry to find the leader of the Opposition has nothing but ridicule to pour on any attempt to increase our trade with France. Surely he must have forgotten the province from which he comes. There is an increase in exports to Germany from three-quarters of a million to two millions; there was also an increase with Spain, Italy, Belgium, Newfoundland, the West Indies, South America, China and Japan, Australasia and other countries; and the only decrease in our exports last year was to the United States, a large decrease, and to Portugal, and a very slight decrease with our trade with Holland. I say that hon. members may look over the history of our trade returns and they cannot find in any previous year a state of things showing such a universal and widely extended increase in our exports to the different countries with which we trade as is found in the statement I made of our trade of last year. As to our imports, there is an increase in our trade with Germany, Spain, Italy, Newfoundland, South America, China and Japan, and Switzerland, and remarkable to say, there is a decrease in our exports to the United States of \$8,000,000, and a decrease of imports of \$5,000,000, being \$13,000,000 in all, but which will be remedied somewhat, I have no doubt,

when the era of extremely low prices passes and the effects of lessened tariff, owing to the legislation of Congress last year, are felt. There is an increase with our trade of Germany from \$4,576,000 to \$7,887,000 in a single year, or an increase of over 72 per cent. Sir, it will be found that in 1889, which was about the time that this wave of depression commenced to flow over the world, the exports from Canada were of a value of \$89,000,000. You will find them last year one hundred and seventeen and a half millions, an increase of twenty-eight and one-half million dollars (\$28,500,000) for that period. What more? The exports last year were, by value, \$117,500,000, the largest of any year since confederation, with the exception of 1893, when they were one hundred and eighteen and a half millions (\$118,500,000), but if you take the decrease in price into consideration, it is evident and cannot be gainsaid, that the volume and bulk of exports last year was the highest since confederation. Take imports, if you please. In 1889 they amounted to one hundred and nine and a half millions (\$109,500,000); they amounted last year to one hundred and thirteen millions (\$113,000,000), an increase in the period of three and a half millions (\$3,500,000), not taking into account the decreased prices, and consequently there was an increased volume or bulk. Now, I say that the volume of trade in 1894, taking exports and imports, was as high as in any preceding year in the history of confederation, and I say that if prices had been equal to what they were five years ago even, that these trade returns of last year would be in value what they are in bulk and volume: the largest of any of the years during which the Dominion has been carrying on its business.

AS TO RAILWAYS AND SHIPPING.

There is another indication, a very good indication, the indication which is shown by the great carriers of the country. Take the railroads and the shipping, and what do we find? We find that from 1889 to 1894, the railway mileage has increased from 12,628 to 15,620, the mileage travelled from 38,800,000 to 43,700,000, the passengers carried from twelve and one-fifth millions (12,200,000) to four-

teen and a half millions (14,500,000), the tons of freight carried from eighteen millions to twenty and seven-tenths millions, and the earnings from \$42,000,000 to \$49,500,000. And comparing the earnings, the freight carried, and the passengers carried this last year with the two preceding years below which they come, they still fall short of these two years by an exceedingly small amount compared with which the decreases in the United States are far and away above the decreases that have occurred in Canada. If you take the coasting vessels and the tonnage trade of the country, what do you find as well? You find that there has been a constant increase in the tonnage of vessels in and out, exclusive of coasting. In 1890 it was 18,446,000 tons, in 1892, 18,692,000 tons, and in 1894, 20,353,000 tons. Certainly, the tonnage is increasing, and if it goes and it comes, it is fair to suppose that it is carrying backwards and forwards. If you take the tonnage of coasting vessels in and out, the same increase is shown, namely, 22,797,000 in 1890, and 26,560,000 in 1894.

AS TO CUSTOMS TAXATION.

Sir, you can take something else to show what has been operating during these five years that some look upon as a peculiar time of stress and trial in Canada.

Mr. MILLS (Bothwell). But they are deluded.

Mr. FOSTER. A good many of them are deluded. Some of them see their delusion and others are so blind that they cannot see it.

Mr. MILLS (Bothwell). The Minister sees it.

Mr. FOSTER. Yes. The per capita of Customs collection in 1888-89 was \$5.01 per head, while the per capita of Customs collection in 1893-94 was \$3.82 per head, or a reduction of \$1.19 per head of the people in the amount that they have paid for Customs comparing 1889 with 1893, and yet the imports in 1893-94 were larger than the imports in 1888-89. Taking the per cent of imports dutiable and free for home consumption, in 1888-89, it was 21.65 per cent, while in 1893-94 it has been reduced to 17.13 per cent, a decrease of $4\frac{1}{2}$

per cent in the rate of Customs impost during these years. Take the actual duties collected on \$109,673,447 of imports in 1889, namely, \$23,784,523, and take the duties collected upon the \$113,000,000 in 1893-94, which amounted to \$19,379,822, and you have a saving upon an importation larger by three and a half millions, amounting to \$4,404,701 in Customs imposts alone. That reduction has been going on in taxation. That has not been coming out of the pockets of the people, and it is due to the fact of the reductions in taxation that we made when the revenue was buoyant, and it is therefore so much remitted to the people. Take this one other consideration. If the same percentage of Customs, 21·65, which was collected in 1889-90 had been collected every year since then, there would have been paid in Customs duties \$125,112,895. As it is, there was paid in \$108,588,092, leaving a saving to the people of \$16,524,803 by the reduction in the tax rate from 21·65 to 17·13.

SUMMARY OF ABOVE.

Taking leave of this, which I call the absolute view of the condition of Canada, let me summarize it in brief in this way. In five years the imports have increased in value by \$3,500,000, and they have increased in volume by a large amount, of course, owing to the decrease in value. The exports have increased in value by \$28,000,000, and in volume, of course, much more, and are in 1894, as I said, the highest in value since confederation, with the exception of 1893, and the highest in volume of any year in our history. We have net surpluses during that period from 1890 to 1894-95 of \$7,476,843. We have taken off taxation on sugar alone, \$14,000,000; we have taken off taxation on two other articles to the amount of three and three-quarter million dollars, and we have taken off a large amount on items generally in the tariff, the revision of which took place last year. We have increased the debt by \$8,600,000. The interest on the public debt, however, has been increased by only \$100,000. I mean the net interest; while the per capita net interest has fallen from \$1.86 to \$1.79. No banks have fallen in that period in Canada through the stress of hard times, not one. Our industries have been well

maintained. Want and poverty have been practically unknown in Canada, and comparatively the Canadian people have out-riden the storm with vessel less battered and sails less tattered than any other country in the world. And in the very midst of the financial and business tempest, Canada ran her flag of credit in the very centre of London up to the very highest notch from which it has been unfurled from the time the Canadian provinces united. The tide, I believe, has now turned. Prices are recovering, confidence is growing, trade is increasing, the demand of the consumer is strengthening, revenue is beginning to mend, as I have pointed out; and working on her well laid basis of rich and varied resources; with the wide facilities for transport with which Canada is splendidly equipped, with a sound fiscal policy, a careful, prudent, financial management, Canada is to-day emerging from the temporary and not very dark clouds of depression into a brightness of prosperity which shall surely surpass any period in her previous history.

TRADE COMPARISON WITH OTHER COUNTRIES.

Now, Sir, there is another view which may be taken of trade. You may look on this matter relatively. You may compare Canada with other countries of the world—and let me ask your attention while I do that, very briefly. If you look over the great trading countries of the world—Great Britain, France, the United States, the Australian colonies—what has been the history of their trading during these five or six years of which I have been speaking? Briefly, it is this; Great Britain's exports of domestic manufactures in 1890 amounted to £263,530,585; they have steadily decreased, until, in 1894, they amounted to £216,194,239, a falling off of £47,336,346, or \$230,370,217. The imports into Great Britain have fallen off from £420,691,997, in 1890, to £408,505,718, in 1894, a fall of £12,186,279, or, in round numbers, \$60,000,000. The exports of France have fallen in the same period from £150,136,000 to £131,001,000; and those of Germany have fallen from £166,405,000 to £158,000,000. The exports of the United States have fallen from \$1,015,732,011, in 1892, to \$869,204,937 in 1894; and the exports of the Australian colonies have fallen from £72,500,000, in 1891, to

£65,000,000, in 1893. The imports of France have fallen from £177,476,000, in 1890, to £164,779,000, in 1894; those of Germany have fallen from £208,105,000, in 1890, to £198,000,000, in 1893; those of the United States have fallen from \$827,402,462, in 1892, to \$654,994,622, in 1894; and those of the Australian colonies have fallen from £72,000,000, in 1891, to £53,000,000, in 1893. Reduce these figures to percentages, and you have this surprising fact: That in Great Britain the decrease in exports from 1890 to 1894 has been 18 per cent; in France, 13 per cent; in Germany, 5 per cent; in the United States, 15 per cent; and in Australasia, 10 per cent; while, in the same time, the exports of Canada have increased 22 per cent. The imports of Great Britain have fallen off 3 per cent; those of France have fallen off 7 per cent; those of Germany have increased 2 per cent; those of the United States have fallen 21 per cent; and those of Australasia have fallen 26 per cent; while the imports of Canada as to value, are exactly where they were in 1890.

CANADA IN 1874-78 COMPARED WITH 1889-94.

There is another point of view which we may take—that is, to compare Canada with herself, which is a more satisfactory comparison, so far as the truth goes, though it may not be so pleasant to all of us. From 1874 to 1878 there was a period of acknowledged depression in this country. It has often been spoken about since that time. It has formed a subject of comment from many a hustings and platform, and has been written upon occasionally by the editors of newspapers. But, of late, one set of speakers, and one set of newspaper editors have begun to say and to write that the period from 1890 to 1894, in depression and hard times, and general badness in Canada, far eclipses the period from 1874 to 1878. Let us go to the law and the testimony. In April, 1874, the Finance Minister of that time made his Budget speech in this House, standing about where I do. In that speech, looking back and taking leave of 1872-73, he spoke of it as “the last year of plenty,” with a surplus of \$1,600,000. Of 1873-74, in the midst of which he stood, he said:

We have stood still, but we have not retrograded. Although we may fairly expect that our people will grow rapidly in wealth, we cannot look for any great increase in their numbers. To avoid serious deficits, a very large amount of additional taxes will be necessary.

He provided for \$3,000,000 additional taxation, and in that year, 1873-74, his expenditure went up by about \$4,000,000.

Sir RICHARD CARTWRIGHT. No.

Mr. FOSTER. He says he was not responsible for it; but that is what the Public Accounts show. His additional \$3,000,000 of taxes brought his surplus down from \$1,600,000 to \$888,775, in the year 1873-74, and to \$935,644, in 1874-75. His capital expenditure amounted to \$10,000,000, and his addition to the debt to \$8,476,502, in 1873-74, and to \$7,683,000, in 1874-75, and his trade fell \$17,000,000. In February, 1875, he made his second Budget speech. He dandled his diminishing surplus upon his financial knees, and prophesied that next year it would be no smaller. He excused the falling imports by proving that diminution was not retrogression—a fact which he must bear in mind at present. He comforted commercial men by hoping that they would find “new fields of trade which would partially compensate them for that which we have for the present failed to obtain from our friends on the other side of the line.” In February, 1876, he spoke again, commencing by saying:

It would be both idle and dishonest on my part to attempt to conceal from the House that the circumstances under which we meet are such as to deserve our very gravest consideration. It is, unfortunately, too true that we are now passing, and have been passing for several months, through a commercial crisis of great and almost unparalleled severity. * * * * There are cases of great hardship existing in the country.

We were, he said, in the midst of “a commercial squall or tornado, if you will”—\$20,000,000 less trade for the previous year; \$700,000 more expenditure imminent; face to face with a greater fallen trade, a greater loss in revenue, and a greater increase of expenditure. He could only console himself with the comforting intimation that though “depression has overtaken the manufacturing and commercial interests of the country,” yet shrinkage in value was a matter which it was impossible “for him or any other Finance Minister to guard against in advance”; and that “as they

(the people) get better bargains for their money than before, it is, on the whole, an advantage, and not an injury to the people"; and, therefore, that "what is bad for the revenue is, on the whole, good for the country." Driven by his opponents as to his trade policy, he declared:

It does not matter whether your market is four millions or forty millions or four hundred millions, over-production will always produce distress. Nor does it much matter for that particular purpose whether free trade or protection is the policy.

And with these excuses, and these platitudes, he marched on to the doleful tune of a two-million deficit, a twenty-seven million drop in trade, a three-quarter of a million increase in expenditure, and an eight and a half million addition to the debt. In February, 1877, he came to the front again, and declared "that the year 1875-76 was one of an exceedingly critical character, which would be long remembered in our financial history." Well it might be. Trade was diminishing, and went on to diminish. Revenue was decreasing, and gave no hope or anticipation of rising again. The only things that were rising were the taxes and the debt, and they were rising with dizzy rapidity. Still, the Finance Minister at that time was hopeful. He pitched his song to a cheerful key, and said "there was good reason for supposing that we had seen probably the last of the depression." He marshalled the facts of increased circulation, deposits in the savings banks, life insurance growth, exports, and the consumption of sugar and tea, as being reasons why the country was not in so bad a condition after all. He then praised his loan, bearing four per cent interest, issued at ninety-one and costing 4.75 per cent, laid on further taxation of about half a million dollars, ventured the prediction that the ship of state was weathering the storm, and drawing moderately close to clear water, and proceeded to bask in the after-glow of past deficits, and to warm himself by anticipation in the coming effulgence of the one and a half million deficit that was dawning upon him. In 1878 he opened with a financial jeremiad such as had never before been, and never again will, I hope, be indulged in by a Finance Minister.

It is nearly four years since, as Minister of Finance, it became my unpleasant duty to point out to the House the grave financial difficulties which beset our position, and the necessity of submitting to considerably increased taxation if desired to provide for the liabilities we had incurred. Unhappily, grave as were the forebodings I then expressed the depression which actually took place surpassed the extent of that upon which I had calculated. It is not often in the commercial history of any country that we are called upon to chronicle so great a reduction not merely in the total volume of our trade, but also in the revenue derived therefrom, as we have seen within the last two or three years.

He declared that the volume of trade had been reduced by \$50,000,000, and the customs revenue by \$3,000,000. But, worse than that, he declared that the natural growth of trade has been retarded \$30,000,000 to \$40,000,000 more and the revenue correspondingly; and when he again gave notice of a deficit, and when his announcement was greeted by laughter and smiles from more than one in the Chamber, he rebuked them with great gravity for their unseemly levity in smiling at the mention of a deficit. That is the picture, as painted by the Finance Minister of that period himself, from 1874 to 1878. He announced the deficit of one and a half millions for the year 1876-77, an addition to the debt of \$8,700,000, and laid down the weapons of his warfare in 1878, with a deficit of over a million in esse and another of nearly two millions in prospect, with expenditure increased by one million and the debt by another seven millions. After all I have quoted, we may hope that now, when we have just passed through a commercial depression, but one which, I contend, was not so severe—

Mr. MILLS (Bothwell). Passed through?

Mr. FOSTER—Yes, for I believe firmly we have passed through that depression and turned the corner, and that from this time on, affairs will mend. I do not give my own authority alone for that. Not at all. But there is not a financial paper in the United States, there is not a responsible newspaper in Canada, commercial or otherwise, which does not every day contain editorials and statements in its news and financial columns, giving exactly the same forecast and prediction. To sum the whole matter up, and I put it in the form of a table which can be easily used for ready reference, take the two periods of 1874-79 and 1889-94:

1874-79.		1889-94.	
Exports fell	\$ 18,000,000	Exports rose	\$ 28,000,000
Imports (H. C.) fell.....	46,000,000	Imports (H. C.) rose.....	3,500,000
Decreased duty collected	1,500,000	Decreased duty collected	4,400,000
Taxes increased by tariff	1,500,000	Taxes decreased by tariff	6,000,000
Percentage of duty increased.....	4 p.c.	Percentage of duty decreased.....	4.5 p.c.
Debt increased	40,000,000	Debt increased	8,650,000
Net interest on public debt increased.	1,500,000	Net interest of debt increased	100,000
Net per capita interest increased....	\$1.34 to \$1.59	Net per capita interest decreased....	\$1.86 to \$1.79
Credit, index per loan at 4 p.c.....	4.75	Credit, index per last loan at 3 p.c..	3.16
Net deficits.....	5,500,000	Net surplus	7,500,000
Average of failures	22,100,000	Average of failures	15,500,000
Increase in failures, liabilities.....	210 p.c.	Decrease in failures, liabilities.....	2½ p.c.
Remission of taxes	Nil.	Remission of taxes : sugar, coal, glass	18,000,000
Savings decreased	4.5 p.c.	Savings increased	40 p.c.

After taking discounts, commission, and all charges into account, Sir Richard put upon the market in London a loan at a net rate of interest of 4.75, which the country has been paying ever since. The last credit loan marks for the second period, 3.16 per cent. The net deficits in the first period, was five and a half million dollars; the net surplus of the second period is seven and a half million dollars. The average failures in the first period amounted to twenty-two and one-fifth million dollars, and in the second period, fifteen and one-half million dollars. The increase in failures and liabilities on account of failures, in the first period, was 210 per cent; the decrease in the second period was 2½ per cent. The savings decreased 4½ per cent in the first period, and increased 40 per cent in the second period. There was no remission of duties in the first period, but a constant laying on of burdens. In the second period, the remission on coal and sugar and glass amounts to \$18,000,000.

CANADA'S DEBT.

Now, I shall ask the attention of the House for a moment to the position of our debt, and I wish to put on record a simple and brief statement, so that any one who reads that statement may not fall into the error that the whole of the debt, as it exists to-day, has been incurred by the Dominion for Dominion purposes, and I wish as well to show briefly the purposes for which the debt has been incurred. There was assumed for the four provinces, in 1867, \$77,500,000 of debt. There has been assumed for the provinces, since—and that is something with which nobody quarrels, because it is a subsidy to the provinces to

help the provincial governments to carry on their legislation, relieved them of the necessity of imposing heavier taxes—there has been assumed since then an additional debt of \$31,930,148, making a total of \$109,430,148 assumed on behalf of the provinces. The total net debt on 30th June, 1894, amounts to \$246,183,029. Deducting from this the amount assumed for the provinces, and you have a net Dominion debt, from 1867 to date, incurred by the Dominion for Dominion purposes, amounting to \$136,752,881. This gives a yearly average of a little over five million dollars. What have we to set against that? Upon the Intercolonial, more than 1,000 miles in length, the capital expenditure has been \$44,966,424. On our canals, the great waterway and artery of the central part of this Dominion, at the expenditure on which nobody cavils—nobody would be content as a Canadian if these canals did not exist, and if they were not deepened and improved to suit the needs of commerce—on our canals we have expended \$41,709,038. And the Canadian Pacific Railway, which was reviled and abused and looked upon as the most desperate scheme that sensible men ever conceived and placed before a body of legislators, but which has approved itself, which has shown its utility, which has established its essential necessity to this country, so that to-day you can find no two opinions as to the advisability of completing that road and as to the wisdom of the policy of constructing it—upon that work we expended in capital \$62,604,535. This makes a total of \$149,279,997. That is to say, on these three works alone, the commercial arteries and veins of this country, we have expended \$12,527,116 more than the whole debt created by this country since confederation, outside of provincial allowances. Besides

that we have the Dominion lands opened up. We have the public works that have been built, we have the parliament and public buildings; we have the Prince Edward Island Railway; we have the Northwest Territories purchased and opened up and other services and works representing in connection with railways and canals, a grand total of capital expenditure of \$166,369,288. Thus you will find that \$28,616,407 more than has been added to the Dominion debt has been expended on capital account for the services of this country. Now, Sir, that is a plain statement of the debt as it stands, and, taking that into account and the assets, the first three items that I have mentioned, if there were no more, there is sufficient justification for the assumption and maintenance of a net debt of \$137,000,000. When you come to another view of the case there is something more to be said. If you will take the actual interest, you will find that whereas in 1868 we paid 4.51 per cent, in 1894 we paid 2.91 per cent. The net interest paid per head, 1868, was \$1.29; in 1873 it was \$1.31; in 1878 it was \$1.58; in 1889, \$1.86; and in 1894 it was \$1.79, or 7 cents less than in 1889. The cheapening of money, the lowering of the rate of interest makes the burden of the debt smaller in proportion to the size of the debt, so that at the present time, with our credit, we can carry almost twice the amount of debt that we could have carried in 1867, and have the per capita burden no more. The net interest paid in 1888-9 was \$8,843,539, and in 1894, \$8,994,788, only about \$100,000 of an increase.

CANADA'S OBLIGATIONS.

Standing at this point and looking out upon the future, we are confronted with out upon the future, we are confronted with certain obligations and we should not be fair to ourselves, if in making a financial statement we did not include these obligations. I propose to do so. We have obligations current to the amount of \$6,543,400; being in the shape of subsidies to the International Railway Company, to the Qu'Appelle and Long Lake Railway Company, to the Calgary and Edmonton Railway Company, to the China and Japan Service Steamships, and to the Australian Service Steam-

ships, which are provided for by yearly appropriation and which amount to \$6,543,400. We have railway subsidies under contract of \$2,257,059; also railway subsidies granted, but not under contract, which the department tells me will probably come under contract, amounting to \$2,587,257. Then, to finish the St. Lawrence Canal system, widening and deepening the canal according to the demands presented by the Minister the other day, we must spend \$6,000,000. But as I am taking this from the 1st of July, 1895, I estimate that \$5,000,000 will have to be spent after that time. These canals must be finished independent of any consideration of the party in power, as this work is a part of the policy of both parties. This makes a total of these liabilities of \$9,844,316. These are liabilities that are current or probable. Now, Sir, that makes outside of what has been and will be provided for in the yearly appropriations, \$9,844,316, which will accrue within a period of years not very far distant—within three, four or five years at the farthest. Taking it at four years, that gives an expenditure of \$2,461,000 per year on capital account, or very little more than the amount we lay up out of consolidated revenue to make a sinking fund as against the public debt. There is also a subsidy by special Act to the Kingston, Smith's Falls and Ottawa Railway of \$250,680, and a transport subsidy to the Hudson Bay Railroad \$1,600,000. These fall in the list of contingent liabilities, which, when they accrue will be charged to railway subsidy account. Besides these there is the statutory provision for the Fast Atlantic Service, which, however, when the liability accrues, must be satisfied from consolidated revenue fund, assisted, if necessary, by economies in other services, and which, therefore, will not necessitate a call upon capital, occupying as it will a similar position to the China and Japan and the Australian services. And what I desire to do, what I think it good policy to do, what I am going to strive as earnestly as I can to do, is this: to make the revenue cover current expenses and to bring the capital expenditure, over and above the consolidated revenue surplus, if there be any, to be equal to or not greater than the yearly sinking fund, which, while it will allow a capital expenditure of not less than \$2,500,000 from this on,

would not increase the debt a single dollar. If that policy can be carried out—and I believe it can be, and that with a generous appropriation as well to the public services—we shall occupy a position which, instead of causing fear, instead of being used to frighten the people of the country into panicky political action, is solid and stable, and one into which any financial man looking dispassionately would say was sound, and clean, and healthy from the point of view of the financial investigator.

REVENUE AND EXPENDITURE, 1895-96.

Now, Sir, we come to another point, the revenue and expenditure for 1895-96. The revenue for 1894-95, as actually accrued and estimated to accrue will be say \$33,800,000. The estimated betterment of revenue for 1895-96—and this is proof of my faith in better times, and I do not think it can be called other than a fair, conservative estimate—is \$1,200,000. That is, on the taxation as it exists to-day. That would make a revenue for 1895-96 of \$35,000,000. Now, Sir, when—

Sir RICHARD CARTWRIGHT. You had better divide that last amount, as is customary. State what amount is expected from Customs, and what amount from Excise.

Mr. FOSTER. I have simply lumped the amount, and have not with me the figures of the three items of which this is the total. The Estimates for 1895-96 have been laid before the House. It was the desire of the Government, a desire, I think, which they shared cordially and unitedly that so far as possible under the present condition of things, and until an equilibrium could be established between revenue and expenditure, the expenditures for the coming year should be cut down to as low a point as possible under the present condition of things, consistent with the efficiency of the public service. Now, Sir, an investigation of those estimates will show that there are certain estimates which are statutory, and which we do not vote, and consequently which we cannot change. There are others which we control, such as the revenue collecting branch, but which is only controllable to a certain limited extent, because, if you collect customs, collect excise, collect post office fees, collect

fares on your railways and canals, you have to maintain those services in a state of efficiency equal to the advancing needs of the times; so that though you may prune somewhat on those services, they are a set of services which are not under very lively control by the Minister of Finance, or by the Government to any great degree of curtailment. Now, that class of services taken out, and the fixed charges taken out, there is left at the present time not a very large amount for the pruning-knife, and even there you have to be very careful as to how you exercise your economies in order not to destroy or cripple services which are necessary for the country. How is it to-day? For interest on debt, for charges of management, for sinking fund and for Dominion subsidies, which are beyond our control, there is an estimate for the year 1895-96 of \$17,131,855. For the collection of the revenue there is an estimate of \$9,378,313, and that is a decided cut upon the expenditure of last year, making \$26,510,168 for those two sets of charges. That leaves you about 10 or 11 millions of leeway, on expenditures which you may say are controllable. Now, with reference to those, a glance at the Estimates will show that there have been increases in not a single one of them, with the exception of Trade and Commerce, which is an infant department, and even with the slight increase that it has had this year, that department has not grown to undue proportions so far as its clerical work is concerned. Well, Sir, outside of that, Penitentiaries have been cut down \$36,000—I am reading round figures—Civil Government, taking into account even the large increase of statutory allowances, has been cut down \$30,000; Legislation, \$200,000; Arts and Agriculture, \$3,400; Quarantine, \$33,000; Immigration, \$70,000; Pensions, \$814; Militia, \$263,398; Railways and Canals, \$183,058; Public Works, \$875,325. In the item of public works we have for a number of years been expending on an average about \$2,000,000 per year. When the revenue was buoyant and the treasury was full, we were generous in our appropriations for the public works of the country; and the history of this Government during the time it has been in power since 1878, will show, I think, on the whole, a broad-minded and generous sustenance of the

public works of the country, and a disposition to aid them so far as it could possibly be done. My hon. friends smile when there is a little talk about public works, but if I have a memory which is at all to be relied upon, I think, when my hon. friend the leader of the Opposition, accompanied by my hon. and stalwart friend from Nova Scotia, and my hon. and only a little less stalwart friend from Lincoln (Mr. Gibson) and one or two others, made a pilgrimage through the North-west and British Columbia, there was no stopping place at which they did not regale the ears of those who were eager to hear them, with the question: Is there any place around here in need of public work? and if the reply was in the affirmative, then the people were told, I think you ought to have it, and if the Liberal party gets in, you may look to be fairly treated. On Mail Subsidies there has been a reduction of \$32,000; Ocean and River Service, \$57,000; Lighthouse and Coast, \$67,000; Fisheries, \$20,000; Geological Survey, \$15,000; Indians, \$85,000; Mounted Police, \$155,000.

Mr. MILLS (Bothwell). How is that saving effected?

Mr. FOSTER. It is effected by a reduction of the force, a reduction that will not affect the efficiency of the force so far as the legitimate needs of the country are concerned. The reduction has been rendered possible in two ways: in the first place, the cost of living is constantly decreasing. Years ago when the beef supplies and the like of that had to be taken long distances, the cost was large. Now all this is raised in the country itself, and the cost therefore has diminished. The force is well managed, and the number of men which, up to this time, has been in the neighbourhood of 900, it is proposed to reduce by a number sufficient to bring down the yearly expenditure to the sum which is mentioned in the Estimates. There will still be left a force, I think,—I speak under correction—of about 700 men, and armed as they never were before, with improved rifles and Maxim guns, which makes a smaller force much more effective than even a larger force was without those arms.

Sir RICHARD CARTWRIGHT. I did not observe an explanation of the reduction on militia.

Mr. FOSTER. That would probably come better on the Estimates when the Minister himself is here. I read the amount, \$263,000. In Customs collection there is a reduction of \$50,000; Excise, \$21,000; Culling Timber, \$25,000; Railways and Canals, \$21,000; Post Office, \$18,000; Dominion lands, \$20,000; making a reduction in the Estimates this year, compared with the Estimates as voted last year, of \$2,387,648. Now, on the statutes arising from causes that I have mentioned, increased interest on the public debt and management of the debt being the chief one, and the subsidies to provinces, there is an increase of \$697,722.

Mr. MILLS (Bothwell). Is the land board at Winnipeg abolished?

Mr. FOSTER. We do not abolish the land board at Winnipeg, but we introduce economy into it, and lessen the expenses of the board of management. We have, therefore, a net decrease of \$1,600,000, on a total estimate of expenditures, statutory, fixed and controllable, which is as far as the Government felt it possible to go and keep the services on a footing of efficiency. In some of these there can, I think, be very little if any more reduction. It is possible that in some of them a still further reduction might take place. In the item of Civil Government, I have no hesitation in saying that the expenditure is pretty large. We have reduced that this year by a considerable amount, and I am sure I am not speaking beyond the book, when I say that it is the intention of the Government thoroughly to look into the matter, and to make economies where it is possible to make them as regards civil government.

Sir RICHARD CARTWRIGHT. I want to remind the hon. gentleman, before he goes to another subject, that he promised to state what Supplementary Estimates would be required for the service of the present year. He promised, in fact, to bring them down.

Mr. FOSTER. I did.

Sir RICHARD CARTWRIGHT. It would be better, before he goes off the Estimates, to let us know what they are.

Mr. FOSTER. I cannot tell my hon. friend what they are, but I have made my estimate for the expenditure of this year

on the basis of the Estimates that we shall provide.

Sir RICHARD CARTWRIGHT. You promised it.

Mr. FOSTER. Well, I promised it, but I cannot do everything in a few days.

Sir RICHARD CARTWRIGHT. Promise is one thing and performance is another.

Mr. LANDERKIN. Then, I understand, there will be Supplementary Estimates in connection with next year?

Mr. FOSTER. I have already stated that there would not be any. Coming back to the revenue and expenditure for 1895-96, I have stated that the revenue expected was \$35,000,000; the estimate of expenditure is placed at \$36,834,458. It is not the rule that the actual expenditure comes up to the full limit of the Estimates voted, and I have given myself a little leeway in the estimate of expenditure for the next year, which I have placed at \$36,700,000. With a revenue of \$35,000,000 and an expenditure of \$36,700,000, there will be a deficit on the operation, of \$1,700,000.

EQUILIBRIUM TO BE MAINTAINED.

Now, while it is true that during the past year, whilst the brunt and stress of the depression was sustained by the country, whilst business had everything it could do to struggle manfully, as it did, and fairly successfully with its disadvantages, whilst the people themselves were economizing, it was not thought wise to do anything to add to the burden of the times by imposing increased taxation. And so, as regards the deficit of the past year, and the deficit of the present year, a larger one, it was not proposed, and is not proposed, to replace it by exacting additional taxes from the people. But it becomes a different matter when, having had two deficits and starting out upon the year in advance, with the turn in the tide and the betterment which is visible, I think, on all sides, it becomes a different matter, I say, and a subject for very close and careful consideration whether it is advisable, in point of good financial management, in point of keeping intact the credit of the country, which above all things we must maintain, and keep it up to the present high standard—it becomes a grave question

for consideration whether we should go out into another year facing a large or even a considerable deficit. The Government has considered that question, and it has come to the conclusion that it is not the wisest thing to do; that what we have to do as a Government, that what we must do as a House, and in that course we must presume that the country will sustain us, is to establish an equilibrium between expenditure and income, to establish an equilibrium between expenditure and income in the easiest way we can possibly accomplish it, and do it for the sake of benefiting the finances of the country in the future, as the maintenance of our credit is of far-reaching consequence. When the revenues were buoyant and we had large surpluses, this Government dealt with the services of the country generously, and many say lavishly, but that we dealt with the services of the country generously nobody can deny. The Government had surpluses of revenue, and they said, We will carry on the services of the country, but at the same time out of those buoyant revenues we will relieve the people from a portion of the taxation. And they did it. In 1890 and 1891 the tax on raw sugar, as we in the House well know, was taken off, and that benefit was conferred on the people of the country, a benefit which will fully appear when I read the figures of the imports since that time, and make a calculation of what would have accrued at that rate of duty. In 1891, under the new tariff, there were imported fourteen million odd pounds of sugar, the duty on which, taking an average of the old rate, would have been \$227,474; in 1892 the quantity was 327,000,000 pounds, the duty on which would have been \$5,200,000; in 1893 the quantity was 252,500,000 pounds, the duty on which would have been \$4,000,000; in 1894 the quantity was 303,000,000 pounds, the duty on which would have been \$4,821,000; in 1895 the actual import and the estimated receipts on the same basis would have shown, imports, 310,000,000 pounds, the duty on which at the old rate would have been \$4,919,700. That relates to the article of sugar alone, the tax on which was paid certainly out of the consumers' pockets, it being a tax not on an article grown in the country, but on

a raw product brought in, the tax on which must be paid by the consumer of the article. If hon. members will add these items together, they will find that the remission of sugar taxation in those years, including the current year, aggregates \$19,175,333. Some one may fairly say, that if the duty had remained at the old rate, there would not have been so large an importation. Cutting off whatever proportion you please, you will still have an amount of from \$15,000,000 to \$19,000,000 removed from the people's shoulders. This has been operative during the time when we had surplus, and also during the time when the people, especially during the past two years, having been passing through a period of depression, and what have been called hard times in Canada. Now, Mr. Speaker, the country, I think, will not quarrel with the Government if, when the time has come when we think it best for the credit of the country and its general good, to secure an equilibrium between expenditure and revenue, when we show our bona fides by cutting down the controllable expenditure of the country to the extent of \$2,400,000, and we have just done our duty in that regard—I think the country will not complain, and this House will not complain, if we ask the people in the year that is to come not to pay back to us an equivalent of the old rate of duty on sugar, but to give us one-third of the amount of duty placed on it before 1891, thus securing to the people a remission of two-thirds of the taxation on sugar for the future, and asking them simply for a return equivalent to one-third of the old impost. So it is proposed to place one-half cent per pound on raw sugar, and to increase the protection upon refined sugar and the articles into which sugar largely enters proportionately, and only proportionately, to the increased tax of half a cent on raw sugar. That on the imports which will probably come into the country this year will give \$1,200,000 or \$1,250,000. That is not quite all we want. We must be careful if we are going to place taxes on the people for the avowed purpose of filling up the gap between revenue and expenditure, not to make the mistake which my hon. friend opposite made, when he put on a

large taxation, but yet did not fill the gap. We must add enough to restore the equilibrium, we must be sure that it will be enough, and we must take a little more than we estimate at the present time to be enough in order to be certain that what we propose to do shall be fully and thoroughly done. So that a little more is necessary, and I propose to impose a slight additional tax upon distilled spirits. The excise duty on distilled spirits is now \$1.50 per gallon, and I propose to add 20 per cent per gallon, thus making the excise duty \$1.70. The Customs duty on spirits is now \$2.12½ per gallon, and I propose to make that \$2.25, an increase of 12½ cents. That, I think, will bring into the revenue about \$500,000 or \$600,000, which will give us \$1,700,000 or \$1,800,000 increased revenue. This will, under the estimate I have prepared and submitted to the House, fill up the gap, restore the equilibrium, and bring us out at the end of next year with a clean sheet, and if times improve fairly well, may bring us out a little to the good, which certainly will not be deplored by the country. To show the bona fides of the Government in doing their share, and of this House in submitting to its share of the betterment, not only have two and a half millions of dollars been taken from the controllable estimates of the country for the year, but we propose as well to intermit for the succeeding year what we have been in the habit of giving with a generous hand namely, the aid by way of mileage subsidies to railways to be constructed. From 1884, when the policy was first adopted, until the present time we have expended over \$12,000,000 in payments for these railway subsidies; that is an average of about \$1,200,000 per year. There are these running and current which I have spoken of, which we will gradually wipe off the slate; but for the coming year it is felt that it would be imprudent to add to the list of our liabilities by bringing down any railway subsidy Bill granting mileage subsidies for the construction of railways in the country. These then, briefly, sum up the position which the Government assumes, and the action which it recommends to this House, an action which it believes is dictated by prudence and by a desire not

to overburden the country, but at the same time to keep its public services well supplied, public services which in a time like this, with our first-rate equipment and first-rate facilities, we may fairly dispense with increasing for a year or two, while times are as they are. I desire, Mr. Speaker, to thank you and the House very heartily for the forbearance with which you have listened to my rather long exposition. I have here the resolutions, they have just been put into my hands, and I would rather revise them before I definitely lay them upon the Table.

Sir RICHARD CARTWRIGHT. Very well; you can lay them on the Table at eight o'clock. We will call it six o'clock now.

It being six o'clock, the Speaker left the Chair.

After Recess.

WAYS AND MEANS.

Mr. FOSTER. Mr. Speaker, all that I shall have to do at the present time is simply to mention the resolutions which I propose to place before the committee. As I intimated in the remarks I made this afternoon, there is to be imposed and levied on distilled spirits an additional excise duty of 20 cents per gallon, and the first resolution makes provision for that.

Sir RICHARD CARTWRIGHT. Have you got the resolutions printed?

Mr. FOSTER. They are in type-writing, not printed. The second resolution simply repeals the sections of the present Tariff Act which are to be rearranged. Then follow the resolutions with reference to the addition of $12\frac{1}{2}$ cents per gallon on imported spirituous liquors. Then, there are a certain number of articles into which sugar enters more or less largely. As the duty

is increased upon sugar, it becomes necessary to make a corresponding adjustment with reference to these; and, as nearly as possible, I have made just the proportional increase. Condensed milk, which was 3 cents a pound, will be $3\frac{1}{4}$ cents. Condensed coffee, and such like goods, will be 35 per cent instead of 30 per cent. Sweetened biscuits, which were 25 per cent, will be $27\frac{1}{2}$ per cent. Fruits, which were 2 cents a pound, will be $2\frac{1}{4}$ cents. Fruits, preserved in brandy or in spirits, which were \$1.90, will be \$2.00. Paints and colours, ground in spirits, and spirit varnish and lacquers, which were \$1, will be $\$1.12\frac{1}{2}$. Jellies, jams, and preserves, which were 3 cents, will be $3\frac{1}{4}$ cents. All sugar, above sixteen Dutch standard in colour, and all refined sugars, will be 14-100 cent a pound. Sugar not above sixteen Dutch standard, will be $\frac{1}{2}$ cent a pound. Glucose, or grape sugar, which is 1 cent a pound, becomes $1\frac{1}{4}$ cent. Sugar candy, and sweet things, which were 35 per cent, become $\frac{1}{2}$ cent a pound, and 35 per cent. Syrups and molasses of all kinds, which were $\frac{1}{2}$ cent a pound, become $\frac{3}{4}$ cent. Molasses, which was $1\frac{1}{2}$ cent a gallon at the standard test, becomes $1\frac{3}{4}$ cent. Then follows a resolution with reference to beet root sugar. For several years before the abolition of the sugar duties we had operations carried on in beet root sugar making; and when the duty was removed from raw sugar, a bounty, equivalent to nearly 2 cents a pound, about the equivalent of the duty on raw sugar, which was taken off, was granted to beet root sugar, and that has been continued from time to time. It is proposed to continue that for two years; but, instead of giving 2 cents a pound bounty, it is proposed now to give 1 cent a pound by way of bounty, and $\frac{1}{2}$ cent by way of duty, making the total aid to the beet root industry, $1\frac{1}{2}$ cents a pound.

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CANADA

BUDGET SPEECH

DELIVERED BY

HON. GEORGE E. FOSTER, D.C.L., M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

FRIDAY, 31ST JANUARY

1896



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE QUEEN'S MOST
EXCELLENT MAJESTY

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BUDGET SPEECH

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IN THE

HOUSE OF COMMONS, FRIDAY, 31st JAN., 1896

SUPPLY—THE BUDGET.

Mr. FOSTER moved that the House again resolve itself into Committee of Supply.

REVENUE FOR 1894-95.

He said : Mr. Speaker, the House will remember that the Budget speech was delivered last year at a rather late period, namely, on 3rd May, being so short a time before the expiry of the then current year that it was possible to detail the course of financial events of that year with pretty considerable accuracy, and to that extent the exposition for the present year will lose somewhat in interest to those who have followed the course of events as described in my last Budget speech. It will be remembered that last year at that date I estimated the revenue that would be derived at \$33,800,000, arriving at that figure by estimating for a betterment in the period elapsing between 20th April and 30th June of that year over the corresponding period in the preceding year of \$419,724. I remember that my hon. friend opposite took exception to and questioned the reliability of the estimate ; but I am happy to inform him and the House that I was within the mark, and that the improvement which did accrue was greater than that I had estimated, and reached the sum of \$597,851. This revenue was made up from Customs \$17,640,466, being a diminution to the amount of \$1,557,648 from the Customs receipts of the preceding year ; Excise amounting to \$7,805,732, a decrease of \$575,-

356 from the preceding year, and miscellaneous receipts coming up to \$8,531,930, or a diminution of \$263,559 from the receipts of the preceding year, so far as that item is concerned. The whole falling off in the revenue of 1894-95, as compared with the preceding year, was therefore \$2,396,563.

Sir RICHARD CARTWRIGHT. What date did the French Treaty come into operation ?

Mr. FOSTER. About May, if I recollect rightly. The imports for home consumption for 1894-95 show a decrease of \$7,841,472, and the exports have decreased \$3,886,146. The decrease in exports, the produce of Canada, is \$1,076,758, as compared with the previous year. There is, further, this fact to be noted, a similar fact to which has existed only once, I think, since confederation. It is that the exports from Canada last year exceeded its imports by \$2,857,121 ; although the average of the excess of imports over exports from confederation up to the end of that year was \$18,740,063. Whatever there may be in what is known as the " balance of trade," other circumstances being equal, the fact that there was last year an excess of exports over imports is a fact which is to be placed to the credit of Canada, and is so much gain to the general business interests. With reference to, in the first place, the customs duties, there was a reduction as compared with the preceding year, in a large proportion of the articles of import,

a reduction which extended pretty generally over the whole range. The following statement will show the reduction in import duties as compared with 1893-94 :—

REDUCTIONS IN DUTY AS COMPARED WITH
1893-94.

Ale, beer and porter.....	\$ 16,047
Animals, living.....	7,032
Books, periodicals and other printed matter	21,196
Cement	9,921
Drugs, dyes, chemicals and medicines....	76,488
Earthenware and china.....	59,860
Embroideries	21,274
Fancy goods.....	45,033
Fish and products of.....	14,679
Flax, hemp and jute, manufactures of....	14,521
Fruits and nuts, dried.....	52,664
do do green.....	14,708
Furs and manufactures of.....	22,901
Glass and do	25,773
Gloves and mitts.....	12,062
Gutta percha and India rubber, manufactures of.....	34,342
Iron and steel and manufactures of.....	509,010
Oils, coal and kerosene, and products of..	60,358
do do all other, N.E.S..	35,918
Oil-cloth	16,214
Packages	11,809
Paints and colours.....	14,114
Paper and manufactures of.....	26,606
Provisions, viz. : butter, cheese, lard and meat	42,553
Silk, manufactures of.....	66,979

Spirits and wines.....	295,857
Tea	11,466
Tobacco	\$ 24,311
Watches and parts thereof.....	11,567
Wood and manufactures thereof.....	134,084
Wool do do	349,309

As against these decreases, we have to note an increase of duty on the following articles :—

INCREASE IN DUTY COMPARED WITH
1893-94.

Arrowroot, biscuit, rice, macaroni, &c...	\$66,641
Grain of all kinds.....	60,851
Carriages	54,515
Coal and coke.....	33,782
Cotton, manufactures of.....	70,752
Gold and silver, manufactures of.....	\$ 21,520
Jewellery	18,065
Leather and manufactures of.....	39,566
Printing presses.....	7,822
Sugar of all kinds.....	222,313
All other dutiable goods.....	50,422

When we come to Excise, we find that there was a decrease in all the articles from which excise duty is taken, with the single exception of cigarettes; and the decrease in some cases is somewhat large. The following table will show the details of the excise duty, comparing the year 1894 with the year 1895 :—

EXCISE.—QUANTITIES AND DUTIES.

	Quantity. 1894.	Quantity. 1895.	Duty. 1894.	Duty. 1895.	Increase. 1895.	Decrease. 1895.
			\$	\$	\$	\$
Spirits Galls.	2,754,607	2,545,054	4,131,387	3,870,752	.....	260,635
Malt Lbs.	51,311,206	50,659,627	950,815	759,929	.....	190,886
Cigars No.	115,392,857	105,528,770	689,184	635,028	.....	54,156
Cigarettes "	55,143,500	66,628,440	82,715	99,943	17,228	.....
Tobacco & snuff. Lbs.	9,837,084	9,568,437	2,364,153	2,267,738	.....	96,415
			8,218,254	7,633,390	17,228	602,092
						17,228
						584,864

The total decrease in the duty of excise as shown by these returns, amounts to \$584,864. Looking at the per capita consumption of liquors of the various kinds, for which a table has been given from confederation down, we find that in 1894-95 the lowest consumption of most of these articles, per capita, was reached, the consumption of spirits being 666 gallons per head; of beer, 3.471 gallons per head; of wine, a very slight increase in consumption, amounting to .09 gallon per head, and of tobacco, a consumption of 2.163 pounds per head of the people. Whether that decrease

arises from reasons of economy, or from change in the ideas of the people with reference to these articles, I am not here to say, probably both reasons have something to do with it.

EXCISE : CONSUMPTION PER CAPITA.

Average.	Spirits.	Beer.	Wine.	Tobac'o.
	Galls.	Galls.	Galls.	Lbs.
From 1867	1.052	3.069	.141	2.170
For 1893-94.....	.742	3.722	.089	2.264
For 1894-95.....	.666	3.471	.090	2.163

In miscellaneous receipts there has been,

as I said, a falling off of \$263,559. But this is to be noted, and it is a fact worth noting, that although the receipts fell off that much in 1894-95, yet the receipts from these sources were greater in 1894-95 than in any other year since confederation, with the exception of 1893 and 1894.

Sir RICHARD CARTWRIGHT. Just pardon me. In the miscellaneous receipts, I suppose you include all not received from the four great sources of revenue.

Mr. FOSTER. Yes, they are really the earnings. The revenue from that source now in 1894-95, is one-fourth of the total revenue accrued, and one-half million dollars more, than double what these receipts reached in 1878-79. The average of these miscellaneous receipts from 1890 to 1895 was \$8,583,107. The average of the five preceding years was \$7,842,365. So that I may say generally that there has been a continuous and steady increase in these sources of revenue during the whole period. The total revenue received during the year is the smallest that has been received since 1885-86. The customs revenue is the smallest that has accrued since 1879-80—smaller by 6¼ millions of dollars than it was in 1889-90, when the large diminution in duties made during the last five years commenced.

The per capita rate of customs collections from 1874 to 1878, including both years, was an average of \$3.44 per head of the people. The rate in 1874-75 was \$3.95 per head of the people. In 1894-95 it was \$3.52 per head, that is, only 8 cents per head greater than the average of the period from 1874 to 1878 inclusive, and 43 cents less than the per capita customs taxation in 1874-75.

Taken in connection with that, and illustrating to a certain extent the difference that exists between the two Administrations in the collection of revenues as regards the incidence of taxation, this may be noted—that the excise revenue is now nearly twice what it was in 1879-80; that it has been exceeded only three times since that period—namely, in 1892, 1893, and 1894; that the excise revenue in 1877-78 was \$1.19 per head of the people, and in 1894-95, \$1.53 per head; that from 1874 to 1878 inclusive, it averaged \$1.32 per head, while from 1891 to 1895

it averaged \$1.59 per head, or 27 cents per head more than the average per capita from 1874 to 1878. As this excise taxation is to a large extent what may be called voluntary taxation, its higher rates and the larger amount accruing from it are to be considered together with the fact that the rate of customs taxation has been at the same time reduced as I have stated, attaining the low figure which it did in 1894-95. These two facts, taken into consideration together show the difference which I have stated marks the taxation as between the two Administrations.

In speaking of miscellaneous receipts, it might be interesting to the House to know in what the decline, small though it was, took place. The following are the items:—

Post Office.....	\$ 16,551
Public works, including railways.	111,056
Casual	112,796
Premium, discount and exchange.	132,195
Dominion Lands.....	42,226

The gains in miscellaneous receipts were as follows:—

Interest on investments.....	\$118,237
Patents	11,499
Fines and forfeitures.....	10,129
Penitentiaries	13,461
Fisheries	15,797

EXPENDITURE FOR 1894-95.

Coming now to the expenditure for 1894-95, it was estimated on the 3rd of May, last year, that the expenditure might be set at the sum of \$38,300,000. In doing that I anticipated a decrease of \$184,134 from the 20th of April of last year, as compared with the same period of the preceding year. But, by the exercise of strict supervision, that sum was made larger, amounting in the end to \$352,108; so that the actual expenditure was brought down to \$38,132,000, being about \$170,000 below the estimate I made on the 3rd of May.

Sir RICHARD CARTWRIGHT. I do not want to interrupt the hon. gentleman unnecessarily; but as we have only had the Auditor General's Report in our hands for a day, perhaps the hon. gentleman could state from recollection whether the extra expenses of Parliament after the 1st of July are charged to last year or to this year?

Mr. FOSTER. Those after the 1st of July would be charged to the current year.

Sir RICHARD CARTWRIGHT. There would be a difficulty, then. The indemnities, I suppose, would not be paid until after that time, so that, unless the hon. gentleman had drawn in advance, a good deal would be charged to this year instead of to last year.

Mr. FOSTER. I would not like to vouch that the indemnities were all left till the session was over.

The increase in expenditure for 1894-95 over the preceding year was, therefore, \$546,979. This increase may be explained by the following observations. The charges on debt, which, of course, are fixed charges, and the increased subsidies to provinces, which are also fixed, amounted to \$399,545, and there were extraordinary expenditures under militia, which properly should be called capital expenditures, but which were paid out of the consolidated fund. These three items together made up the whole increase in the expenditure of 1894-95 over that of 1893-94. The expenditure of last year, amounting to \$38,132,000, was one of the largest expenditures we have had. We find, however, that for the last eight years the expenditures out of consolidated revenue fund have been remarkably steady. In 1887-88 the expenditure was \$36,718,494. The average of the eight years from that time up to the end of last year was \$36,908,862, or less than \$200,000 greater than the expenditure of 1887-88. The facts that the charges on the debt have largely increased during that period, as the debt is much larger, that the subsidies to provinces have been increased by over \$300,000 under the decennial arrangement, and that the amount laid up in sinking fund has increased each year, show to the House that the expenditures of the country during these eight years have been kept pretty nearly upon a steady basis of about \$37,000,000 per year.

The expenditure in 1894-95 amounted to \$38,132,005, and the revenue came up to \$33,978,129, leaving a deficit of \$4,153,875. Of course, in looking at that deficit, we must remember that \$2,002,311 is accounted for by the amount which is laid up in the sinking fund—a provision, of course, against debt at the maturity of the loan. So that the real result of last year's operations, so far as the consolidated revenue expenditures are concerned, is that out of revenue we paid the ordinary expenses of the coun-

try and laid up \$2,002,311 in the sinking fund against the debt, and that the deficit, but for this payment would have been only \$2,151,564. The deficit then amounts to \$4,153,875, which is less by about \$350,000 than I anticipated on the 3rd of May last year. Adding to that the deficit in 1893-94, the two make up a total of \$5,364,207. These are the deficits for the two years succeeding surpluses in the other three years of the parliamentary term. Against those two combined deficits of \$5,364,207, we must recollect that last year the saving to the people in taxation, which was remitted, and which would otherwise have accrued upon sugar alone, amounted to \$5,475,000, or a little more than the deficits of 1894-95 and 1893-94 added together. This means simply that if the Government had not relieved the people of that taxation on raw sugar, it would have gathered sufficient revenue to meet all the expenditures of the country and have left besides a slight surplus of one or two hundred thousand dollars in the Treasury.

Mr. MILLS (Bothwell). Assuming the importations to have been the same.

Mr. FOSTER. Yes. There is a margin left for considerably less importation, but the price of sugar is so low at present, and has been for a number of years, that the amount of added taxation which would have been placed upon it would not have acted very largely as a bar upon the consumption of sugar in this country.

It is very well, however, to take into account, when we are speaking of deficits, the five years period when hon. gentlemen were in power, and compare that with the five years period which has just closed, in order to refresh the mind of the House and the country as to the relative position of affairs. From 1890 to 1895, which was the period of the hard times and business depression we have passed through under the present Administration, there have been deficits of \$5,364,207 and surpluses of \$3,746,276, leaving a net deficit of \$1,617,931. In the period from 1874 to 1879, there were deficits amounting to \$6,426,958 and surpluses amounting to \$935,644, leaving a net deficit of \$5,491,314. And it is necessary for me to draw attention of hon. gentlemen this year again to the fact that although the net

deficit in that period, under hon. gentlemen opposite, was five and a half million dollars. they remitted no taxation but laid on extra taxation ; while in the period during which the net deficit, under the present Administration, amounted to one and a half million dollars, we relieved the people, in sugar taxation alone, of upwards of \$19,000,000 of taxes.

CAPITAL EXPENDITURE FOR 1894-95.

Coming to capital expenditure, we find that 1894-95 compares with 1893-94 as follows :—

	1894-95.	1893-94.
Railways and Canals.....	\$2,829,088	\$3,612,913
Public Works.....	102,392	102,058
Dominion Lands.....	99,842	149,146
Total.....	\$3,031,322	\$3,864,117

Being a reduction in 1894-95 in expenditure on capital account of \$832,795 as compared with 1893-94.

Railway subsidies paid amounted to \$1,310,549 in 1894-95, as against \$1,229,385 in the preceding year, so that the total capital expenditure, including railroad subsidies, was \$4,341,871 in 1894-95 as compared with \$5,094,002 in 1893-94. There was, therefore, a decrease in capital expenditure, including railway subsidies, of \$752,131, and an increase in expenditure under the consolidated fund of \$546,979, as I have before mentioned, so that in the total expenditure of the country, there was a net decrease of \$205,152 compared with the preceding year.

THE PUBLIC DEBT.

Coming to the debt, we find that the net debt on the 30th June, 1894, was \$246,183,029. When we add together the capital expenditure in 1894-95 of \$4,341,871 and charges on the loan of \$399,199—being mainly the discount on the loan—and the deficit of \$4,153,875 and a small consolidated fund transfer—

Sir RICHARD CARTWRIGHT. What is that consolidated fund transfer ?

Mr. FOSTER. It is a mere matter of account, \$94—the total amounts to \$8,895,042. Taking the sinking fund, \$2,002,311 and \$833 refund, and subtracting that from the total, we have \$6,891,897 as the net addition to the debt, making a net

debt on the 30th June, 1895, of \$253,074,927. The statement tabulated is as follows :—

Additional, 1894-95.

Capital Expenditure.....	\$4,341,871	
Charges, Loan Management.	399,199	
Deficit	4,153,875	
Cons. Fund Transfer.....	94	
Total.....	\$ 8,895,042	
Less--Sinking Fund.....	\$2,002,311	
Refund	833	
		2,003,144
		\$ 6,891,897
Net Debt, 30th June, 1894.....		246,183,029
Net Debt, 30th June, 1895.....		\$253,074,927

'The increase then in debt for the period from 1890 to 1895, inclusive, is \$15,544,885, or an average of \$2,590,814 per year. We find that, during that period, we have spent on capital account the following sums :—On canals, \$11,319,379 ; on the Intercolonial Railway and connecting roads, \$4,918,781 ; on the Canadian Pacific Railway, \$754,145, a total of \$16,992,308, which more than offsets the addition to the debt. We have also paid in railway subsidies in these years \$7,543,945. So that, in calculating the addition to the debt, and appraising it at its true value, the country must simply ask itself whether or not the deepening and widening and finishing of the canals, the expansion and completion of the Intercolonial Railway and its connected railways, and the railway subsidies which have been instrumental in increasing the railroad and consequently the commercial facilities of the country, are a sufficient offset. If they are, the addition to the debt is fully justified ; and, in my opinion, it is fully justified.

NET INTEREST ON THE DEBT.

But the real standard by which to judge the increase of the debt is the amount of interest which is required each year to carry it. The following remarks may be of interest in that connection. The net interest on the debt in 1887-88 was \$8,891,288. The average from that time to 1895, a period of eight years, was \$8,784,452, which is \$106,000 less than the amount paid in 1887-88, the reason, of course, being the lower rate of interest. In 1894-95 the interest paid was \$9,330,247. The interest per capita of the people paid in 1887-88 was \$1.90 ; in 1894-95 it was \$1.83. So we see that the incidence of

the interest charged upon the people was less heavy by 7 cents per head in 1894-95 than in 1887-88.

EXPENDITURE FOR 1895-96.

Coming to the expenditure and revenue for 1895-96, the year is not sufficiently advanced, of course, to enable me to make estimates with certainty. No one can tell what may happen in the five months which are still to run, so far as commercial disturbances and the general course of trade are concerned. But, knowing what was expected and what has accrued up to the present time, and making an estimate as nearly as one can for the remaining period, I arrive at the following results:—The revenue, up to 20th January, 1895, was \$18,080,197. The expenditure for the same period was \$19,833,399. From the 20th January, 1895, to the 30th June, 1895, the revenue accrued amounted to \$15,897,931. The expenditure in the same period was \$18,298,605. For the present year, the revenue up to 20th January amounted to \$19,560,174, a betterment of about \$1,500,000. The comparative expenditure for the same period amounted to \$19,302,244, a decrease of about \$530,000. From the 20th January, 1896, to the 30th June, 1896, I estimate a revenue to accrue of \$17,439,826. In order that this may be realized it will be necessary that the course of trade shall show progressive increase and development compared with the preceding portion of the year for which the revenue has actually accrued. If that estimate proves correct, there will be for the current year a revenue, in the gross, of about \$37,000,000. Coming to the expenditure, I find that up to the 20th January, 1896, there has been an expenditure for the current year of \$19,302,244, as I have stated.

Sir RICHARD CARTWRIGHT. That differs from the statement the hon. gentleman was good enough to send me.

Mr. FOSTER. This is up to the 20th January.

Sir RICHARD CARTWRIGHT. The statement furnished me does not agree with the hon. gentleman's figures. There is a discrepancy for the same period of several hundreds of thousands of dollars.

Mr. FOSTER. I am confident that the figure I have stated is correct.

Sir RICHARD CARTWRIGHT. I hope then that the hon. gentleman will send me an amended statement.

Mr. FOSTER. There may be some error in the figures.

Sir RICHARD CARTWRIGHT. The statement furnished me by the hon. gentleman, for which I am obliged to him, shows, up to the 20th January, 1896, an expenditure of \$18,902,000. I can send the statement across to the hon. gentleman so that he may see.

Mr. FOSTER. I am satisfied that the statement I have is correct.

Sir RICHARD CARTWRIGHT. No doubt. I am merely calling the hon. gentleman's attention to the fact that there is a discrepancy.

Mr. FOSTER. The estimated expenditure from the 20th January, 1896, to the end of the fiscal year is \$17,697,756. This, with the expenditure already accrued, will give a total expenditure in round numbers of \$37,000,000. So that, on these estimates, the revenue and expenditure for the current year will about balance. There may be a little difference one way or the other, and, of course, the estimate, covering so long a period, may not be quite correct. But I think, on the whole, I am safe in saying that there will be no very great discrepancy between the revenue and expenditure for the current year 1895-96. That is to say, we have passed through the period of commercial depression, we have turned the corner of which I spoke last year, concerning my estimate of which, I fear, from the remarks that were made at that time, I did not inspire confidence in the minds of my hon. friends opposite. But events since that time and the course of business for the year thus far, have proven my forecast to be, in the main, entirely correct. I think we can say, then, that we have passed through the period of commercial depression; that times are better; that trade is picking up; and that from this period and for succeeding years we may consider that the time of deficits is over for the present administration, and that the time of surpluses is approaching again. I never ex-

pected to convince my hon. friend, who shakes his head. Even time can scarcely do that.

Sir RICHARD CARTWRIGHT. Then I understand the hon. gentleman to say that in this calculation which he has submitted, and to which, of course, I do not expect him to pledge himself, he counts on an increase for the next five months ?

Mr. FOSTER. Yes, I count on that, as I stated. In regard to capital expenditure for 1895-96 up to the present time, there has been an expenditure on railways and canals, public works, Dominion lands, and railway subsidies, \$2,391,866 ; and from the 20th January to 30th June, the estimate for these services is \$1,690,000. The expenditure on capital account up to the 20th January, is less by \$225,051 than was expended on that period last year. Adding together what has been already expended, and the estimate for the succeeding months of the year, the capital expenditure will amount to about \$4,100,000. If that estimate is carried out, as I think it will be, we shall have, taking away the sinking fund of \$2,070,000, which will be about the same this year, an increase to the debt in the current year of about \$2,000,000, in round numbers.

REVENUE AND EXPENDITURES FOR 1896-97.

With reference to the expenditures and revenues for 1896-97, we are too far removed from that period to make any estimate which can be at all reliable, and I shall not attempt it. With reference to the expenditures, hon. gentlemen have had the Estimates for this year laid before them, and will find that the expenditures total, as estimated for, \$38,250,000 or thereabouts. The increases over the preceding year are, in some cases, quite large, and the larger ones I shall read to the House. Interest, sinking fund, premium and discounts, show an increase of \$250,983, the total sum estimated for these purposes being in the neighbourhood of \$13,000,000 in round numbers.

The Public Works estimate of last year was reduced to about \$1,500,000. There is an increase of \$247,270 in that. Indians show an increase of \$80,263. The vote for Indians was also reduced last year, and the \$80,000 of increase is chiefly, as I understand, for the establishment and mainten-

ance of schools. The North-west Mounted Police show an increase of \$30,000 in the vote. That \$30,000 is to meet the expenses incurred by the establishment of a post on the Yukon River, from which, however, a considerable revenue is expected, which will go, I hope, far to meet the added cost of placing there a detachment of the Mounted Police, and of bringing the reign of law and order into force there, as it has so effectually been done in the other parts of the North-west Territories.

Sir RICHARD CARTWRIGHT. Will the hon. gentleman pardon me for one instant ? I did not observe that he made any statement as to whether he expected to bring down any supplemental Estimates for the service of the present year.

Mr. FOSTER. There will be a supplemental estimate, though not a large one.

Sir RICHARD CARTWRIGHT. You know we ought to have that, if you can possibly give it.

Mr. FOSTER. Yes, and we should have had more Supply the other night, but we did not get it. In Customs, the increase for the next year is \$25,095 ; but when it is taken into account that last year the cut in the Estimates for Customs was about \$50,000, the increase this year will not seem large. In the Post Office, we have an increased estimate of \$240,780, which is a large increase. The demands for the opening up of new lines, and for greater frequency and greater thoroughness in the delivery and despatch of mails, are continually pressing upon the Post Office Department, and a large expenditure has necessarily to be made if we are to keep at all even with the requirements of the times, which we are bound to do. There is now a deficit of somewhere near \$800,000 between the total receipts and the total expenditures of our post office service ; and this, I fear, makes the time somewhat distant when, what otherwise might be fairly asked for, can be granted, that is, a reduction upon the rates of postage in this country. Considering the large extent of country, the sparseness of the population, and the great expense necessarily imposed for carrying letters and papers in our North-west and in other parts of the country, there is no doubt that the carriage of letters, newspapers and

parcels in this country, is cheaper, for the population, than you would probably find it in any other country in the world.

INCREASE IN MILITIA EXPENDITURE.

In the Militia Estimates there has been an increase of \$247,270 over last year's vote. For a number of years, only a portion of the active militia have been called out for drill each year, and this consequently left the whole force to be drilled only once in two years. It may have been that there was the same necessity in preceding years for drilling the whole force, as in this year; but recent events have brought the lesson a little closer and nearer home to us, and the Government has come to the decision that, for the present, and we hope for each year after this, the rural militia will all be called out for drill during each year. It is largely for this purpose that the increase of \$247,270 has been made in the Estimates, although the appropriation also stands for better equipment and accoutrements, and clothing and the like of that, for the militia force. No part of this sum, however, is to be devoted to the arming of the militia with new rifles, or for whatever else may be considered necessary to be done in the way of equipment, and strengthening the defences of the country. For that purpose, a special credit will be asked for later, but the sum is too large to allow its being taken out of the Consolidated Revenue Fund.

Now, we may be met by objectors of two or three classes to an increase of this vote for this purpose, at the present time. There is one class of people who believe, or affect to believe, that any more than an ordinary expenditure upon the militia force of Canada at the present time, might be interpreted to the disadvantage of Canada as regards its relations with the United States, as implying a hostile demonstration thereto. There is another class of people, and I believe a very small class, in this country, who do not think it worth while that the militia of this country should be put in that forward state of efficiency, as they may believe that it would not be the worst of calamities if, after all, this country were quietly and peaceably to merge itself with the country to the south of us. The Government, however, does not believe with either of these small classes of objectors in our country; it does believe that at the present time, and

under the present circumstances, increased efficiency is both necessary and prudent. We take this step, not with any feeling of hostility to any country under the sun, not with any wish for war or bloodshed, but with the highest and strongest hopes for the continuation of those blessings of peace in the future, which have been so long the lot of this country in its relations with the United States of America, and with other countries. But I think we cannot forget that here we have an heritage, the accumulated wealth of which is very large at present, and the accumulations of wealth of which in the future are almost illimitable; that we have a country and institutions which are worth the sternest and strongest defence that can be given to them, and that Government and Parliament would not be doing its duty to the great trust it has reposed in it if it refused or neglected to place into the hands of its citizenship means of defence and adequate means of resistance to any armed invasion were it unfortunately to come upon us. More than that, Mr. Speaker, by birth, by adoption, by the enjoyment of ample freedom, by the long possession of good government, the people of this country, whether French-speaking or English-speaking, all the people, I think, of this country have their convictions continually forming and strengthening in the line of what I may call the great centripetal forces which in this country, in Australasia, in all the dependencies and colonies of Great Britain are tending to marshal the outlying dependencies of the Empire around the common centre of power and life. And if Canada is to become, as it must become, one member, and a very important member, of that great unity, it is well that in addition to the other sacrifices we have made, the other moneys we have spent to make Canada a strong part of the Empire, who should also make proper provision for the equipment of our militia for the defence of our country, a provision which, while it is not open to the charge of extravagance, will certainly go so far as is reasonable to meet the demands of adequacy.

Sir RICHARD CARTWRIGHT. Are you prepared to state how much?

Mr. FOSTER. Not at present.

Sir RICHARD CARTWRIGHT. I think the hon. gentleman should state to the House, on the occasion of his Budget speech, how much is required.

Mr. FOSTER. That will be stated before long.

Sir RICHARD CARTWRIGHT. Before the Budget debate closes, I hope. We ought to know it.

Mr. FOSTER. The hon. gentleman certainly will know it, and the Government will take the House into its confidence in due time.

Sir RICHARD CARTWRIGHT. The House should know it when the hon. gentleman is stating the expenditures of the country and the amount of the debt.

Mr. FOSTER. That does not at all follow. It has been the habit ever since this was a Parliament to bring down Supplementary Estimates, and the same will take place this year.

Sir RICHARD CARTWRIGHT. And a very bad habit, too.

THE PERIOD OF DEPRESSION ENDED.

Mr. FOSTER. Passing away from this subject, I think I am justified, after the short review I have made of the finances of the past year, in saying that the trying period of 1890 and 1895 has passed. The returns for the last six months of the current year show an increase in imports of \$2,500,000, of exports \$500,000, making a betterment of \$3,000,000 in the half-year. The increase of revenue, as I have stated, amounts to \$1,500,000, and the savings of the people in 1895 as compared with 1894, show an increase of \$10,500,000. I do not think I can enforce my view as to the fact of the improvement of trade in the country and the fact that we are passing out of the period of depression more effectively than by reading an extract which I cut from the report of the president of the Board of Trade of Toronto, one of the chief commercial metropolises of Canada. Its president, in his annual address to that board, made use of the following words:—

The year 1895 has been for the most part a year of quiet recovery from the depression of 1893-94. The restoration of trade has not been quick, but has gradually been getting better.

Raw materials, which had fallen during 1894 to the lowest point known for many years, have risen considerably. Manufacturers in most branches of trade are fairly well occupied with orders, and the public returns indicate that the country is slowly, yet surely, getting over the long depression that for the last few years has overshadowed every commercial interest. What is particularly wanted now is confidence in the future of our country, and belief in its natural great resources, and determination to develop every legitimate industry to the fullest possible extent.

HOW CANADA HAS PASSED THROUGH IT.

How has the country passed through this period from 1890-91 to 1894-95? It has been a period of world-wide commercial depression, a depression which has affected this country as it has other countries, but to my mind, in far less degree, and for certain very good reasons. We have come through this period with a trade \$9,500,000 greater in exports and home consumption imports than that with which we entered it, with exports \$17,000,000 larger than in 1890. We have come through with an increased debt of \$16,000,000, a deficit of \$1,600,000 net, while at the same time, as I have stated already, we have given a customs reduction on raw sugar alone amounting to over \$19,000,000. Our savings in that period have increased from \$221,000,000 to \$267,000,000, an increase of \$46,000,000, or 21 per cent, a notable and encouraging increase. We have come through that period as few other countries in the world have come, with increased railway traffic. The operated mileage has increased by 2,700 miles, the passengers carried by 1,100,000; freight carried shows an increase of 750,000 tons, whilst gross earnings—a notable fact—in 1894-95 were equal to what they were in 1890-91. We have come through with increased shipping returns. The tonnage of vessels coming in and out of our ports, not including coasting vessels, has increased in that period by 640,000 tons, and the coasting vessels by 2,700,000 tons.

INDUSTRIES WELL SUSTAINED.

We have come through with our industries well maintained, with employment very general, and with an almost total lack of what you might call want and poverty in this country from one ocean to the other.

Have not our industries been well maintained? Let us take one of the most patent proofs that they have been, namely, the importation of raw materials, which form the basis for the work of our industries:

IMPORTS.—RAW MATERIALS.

Article.	1890.	1895.
Wool Lbs.	8,905,261	7,750,050
Cotton "	36,635,187	56,924,286
Hides \$	1,712,012	1,950,530
Gutta percha & rubber "	536,386	739,916
Hemp Lbs.	774,587	622,396
Lumber, &c..... \$	897,903	1,485,714
Raw sugar.....Lbs.	162,469,350	345,518,582

The lumber mentioned above is of special product, and is used in the making of furniture and cabinet work of all kinds.

Therefore, so far as the argument from the imports of raw material goes, my contention is justified that the industries of this country have been well maintained. Sir, I may go further and state that not only have these industries been well maintained, as is shown by the imports of raw material for use in manufacturing, but there is another test, namely, the export of manufactured articles. The time has gone by when people can point the finger of scorn at the exports of the manufactures of Canada. Small they are, even yet, compared with some of our exports, but they are every year increasing, and to-day they form no inconsiderable amount of the general exports of the country. The export is as follows:—

	1890.	1895.
Export of manufactured articles.....	\$5,741,184	\$7,768,875

This shows an increase of 35 per cent. That is the second argument which goes to show that our industries have been well maintained in this period. We can go a little further, Sir, and we can point to the old industries which have been well kept up, and that is within the experience and observation of every man who sits around these boards. We can also point to the establishment of new industries; one lately in the city of Hamilton, at the foot of Lake Ontario, an industry for the smelting and manufacture of iron and of steel, and which to-day, after it has expended \$400,000 on buildings and plant, has a capacity for mak-

ing 200 tons of iron per day, and is now about to turn out one-half this quantity, and to turn it all out from Canadian ore, mined in this country, and handled in this country, by Canadian labour.

In British Columbia there has been a decided advance in mining work of all kinds, and a large and remunerative industry is already established there, the prospects for the enlargement of which are most excellent. And the time is not far distant when British Columbia, from the mountains on this side to the Pacific Ocean, will be a busy hive of industry so far as the working of minerals and metals is concerned.

The pig iron which has been made in this country in the period from 1891 to 1895 is 193,000 tons, as against 137,000 tons manufactured in the preceding five years, which is a large and notable increase.

AGRICULTURE HAS ADVANCED.

Passing from these to the agricultural interests of the country, it is not affirming too much, Sir, to say that from 1891 to 1895, these have shown a gradual, a continued, and a healthy advance. The home market has been constantly increasing. The increase in population itself from 1890 to 1895 has added to that home market. The increase of urban population which gathers in cities, and towns, and villages, and largely gathers there from the establishment in these places of industrial establishments of different kinds, has largely increased. And, Sir, every thousand of the urban population is so much of the healthiest and best increase to the markets of the farmers of this country, for it affords a market near to them for products which would not carry to foreign markets, many of which are perishable in their nature, and for which a home market is absolutely essential.

But, Sir, if the home market for agricultural products has increased in that time, so also has the foreign market, as shown by the exports of the country. Agricultural and animal products, taken together, were exported to the amount of, in 1890, \$37,000,000, and in 1895, to the amount of \$50,000,000, an increase in this period of \$13,000,000, or of 35 per cent. Let me exemplify by the exports in certain articles, the increase in the agricultural exports of this country, comparing the year 1890 with the year 1895. The statement is as follows:—

EXPORTS.—AGRICULTURAL PRODUCTS.

	1890.	1895.
Cheese	\$ 9,372,212	\$14,253,002
Bacon	607,495	3,546,107
Hams	23,584	260,602
Apples (green and dry).....	997,922	2,071,788
Wheat and flour.....	910,244	6,298,221
Horses	1,936,073	1,312,673
Sheep	1,274,347	1,624,537
Cattle	6,949,417	7,120,823
Total.....	\$22,071,294	\$36,487,801

Taking these items, they total in this way :
\$22,071,294 exported in 1890 ; \$36,437,801
worth exported in 1895, an increase of 65
per cent.

There is a decrease in the value of horses
exported in the latter period, but, consider-
ing the wonderful drop in the price of
horses, and especially in that grade of
horses which were so largely used on the
street railways of large cities, before the
substitution of electricity for horse-power ;
it is a decrease which is not at all remark-
able, and the decrease in the exports of that
class of horses, has been met largely by an
increase in the export of more profitable
and valuable horses to the British market ;
and the British market opens a chance for
the extension of that trade in a good grade
of horses, which is being taken advantage
of, and which promises rich returns to the
country.

But, Sir, not only has the farmers' market
been increased by the home market from
the accretion of population, and the foreign
market by the extension of exports, but
there is another point as well which must
be taken into account. That is, the saving
of market in this country for the farmer of
this country, which was formerly exploited
by the farmer of the United States. And
the National Policy, by the reasonable pro-
tection given to agricultural and animal pro-
ducts, is to be credited for that gain of
market to the farmer of this country. Let
me give you some figures which will bear
that out. In the year 1889-90, taking bacon,
hams, and shoulders, beef, mutton, pork and
lard, there were imported for home con-
sumption, 33,112,701 pounds. The duties
were increased after that, and importations
have steadily decreased, until in 1894-95, it
reached the small amount of 6,335,842
pounds, or less than one-fifth of the preced-
ing figures. In 1889-90 the value of these
importations was \$1,734,225. In 1894-95
that value had sunk to \$401,638. In flour of
wheat we imported, in 1889-90, 185,458 bar-
rels. This has diminished, until 1894-95 sees
an import of only 47,883 barrels. The fol-
lowing table shows the importations for
each year :

IMPORTS OF MEAT ENTERED FOR HOME CONSUMPTION.

	1889-90.	1890-91.	1891-92.	1892-93.	1893-94.	1894-95.
Bacon, hams and shoulder.....Lbs.	4,353,653	2,570,412	1,016,367	670,155	457,658	826,882
Salt beef (in barrels)	6,445,105	2,715,101	2,251,298	2,316,588	1,945,516	2,011,866
Mutton	246,363	6,388	11,680	2,132	87,277	57,845
Pork	17,185,794	11,116,948	9,514,266	3,862,546	4,611,874	3,203,023
Lard	4,881,786	991,655	693,269	147,630	160,881	236,226
Total lbs.....	33,112,701	17,400,504	13,486,880	6,999,051	7,263,206	6,335,842
Value	\$1,734,225	\$973,312	\$726,394	\$452,812	\$499,952	\$401,638
Flour (wheat).....Bbls.	185,458	65,884	36,559	34,507	32,506	47,883

I think, therefore, that I have fairly made
my statement good that the agricultural in-
terests of this country have been continuo-
usly advancing in that period. Nor must we
lose sight of this fact, that in those five
years a very large extent of new territory
has been opened up in the North-west for
the production of grain and cattle and the
products of cattle, which in 1894-95 reached
a very large and very valuable total.
It is calculated that in the province

of Manitoba and in the North-west Territo-
ries the grain alone, reaped from fields
which but a few years ago were almost
unknown, amounted to close on 80 or 85
millions of bushels ; and this increase in
that short time is but the earnest of a
greater increase in the future. Once the
basis of population and of production has
been settled in that country, its accretions in
the future will be larger and more rapid,
and the increase of production will in ratio

be greater. Better methods have also been followed in agricultural pursuits, and the establishment and introduction of these better methods is largely due to the increased governmental expenditure for the encouragement of agriculture in the North-west as well as in the other provinces of the Dominion. Experimental farms have been placed in different parts of the country ; and the information which has thus been disseminated by example and by the distribution of the results on those farms to the farming population in the different provinces has induced better methods of feeding, and has turned the attention of the farmers to more remunerative classes of products than those to which they had formerly devoted their attention.

MINING HAS IMPROVED.

In mining the same advance appears. In Nova Scotia, in New Brunswick, in Quebec, in Ontario, in the North-west and Manitoba, and in British Columbia there has been an advance in mining operations, as regards both the precious metals and the useful metals, which has been noted and steady. One proof of this exists, aside from our observation and experience—that is, in the exports of the products of the mines. I find that in 1890 these amounted to \$4,853,717 worth, and in 1895 to \$6,983,227 worth, an increase of 43 per cent in that period of five years.

FINANCIAL STANDING BETTER.

The business failures in the country have been reduced from \$18,000,000 to \$15,800,000 in the same period, the average amount of the failures per year during the period being \$15,700,000 against \$22,200,000 in the period from 1874 to 1878.

The banks and financial institutions of our country have been sound and steady and strong—so much so as to be matter of remark in other countries, which have pointed to the banking institutions and the currency system of Canada, and have noted the strength which their soundness has imparted to commercial life and business in this country during the period of depression which is now happily passing away.

It may be said also that the credit of Canada in the London market has remained unimpaired, and is to-day stronger than it

was in 1890. Canada enjoys greater hope at home and greater prestige abroad.

THE REDUCTION OF TAXATION.

Now, Sir, I desire for a few moments to speak with reference to an idea which is sedulously instilled into the minds of the people of the country, that the Liberal-Conservative party and policy have been responsible for an immense increase of taxation upon the people of this country. It is true that in 1879, when the National Policy was introduced at the command of the people, that command having been given by an immense majority at the polls, and when protection was adopted as the basis upon which the tariff was to be framed, the list of dutiable articles was enlarged, and the rate which was charged upon them was heightened. That was necessary. In proportion, however, as manufactories became established, and in proportion as the revenues of the country became buoyant, in the good times that followed, two things were done. Attention was had to the people of the country as the payers of the revenues of the country, and attention was also had to the reasonableness of the protection that ought to be given from year to year, as circumstances required, and I have this assertion to make : that notwithstanding what may be said as to the increase in the rate of taxation upon goods in 1879, notwithstanding all that may be said as to the high taxation which has prevailed from that time to this, any student of our tariff system, going to the records and studying them with a desire to get at the truth, will come to this conclusion, and cannot escape it ; that the Liberal-Conservative Government from 1880 to the present time has been sedulously careful of the interests of the people as far as taxation is concerned, and has upon the whole remitted an amount of taxation which cannot be credited to any Administration in similar times—certainly not in this country—and I doubt if it can be, in proportion to its population, in any other country in the world.

Now, Sir, I propose to make that good by facts and figures, so that the people, if they are told that they pay a certain tax on a certain line of goods, may know on what goods they have been relieved of taxation, and to what extent they have been relieved of taxation. In 1882, this Government found

that tea and coffee were taxed, and taxed largely, and this was a taxation which no man could avoid who drank tea or coffee. It was a taxation upon articles which were not raised in this country, and consequently every cent of that taxation was paid directly by the people who consumed these articles. The same was true with reference to an article which goes into the manufacture of common articles used by the people everywhere—the article of tin. There was a duty upon that as well. In 1882 the Liberal-Conservative Government struck off entirely the duties upon tea, coffee and tin : and from that period until the present time there has thus been saved to the people on these articles alone the following amounts :

On tea	\$11,034,039
On coffee.....	832,528
On tin.....	1,465,103
Total.....	\$13,331,670

Every dollar of this amount has gone directly into the pockets of the great mass of the consumers in this country. In 1883 this Government struck off the duty upon bill stamps and the duty upon newspapers—upon bill stamps a tax that went into commercial transactions from the highest to the lowest, and upon newspapers a tax which was styled a tax on information for the people. Well, from 1883 up to date there have been saved to the people on bill stamps alone the sum of \$3,267,388, on newspapers the sum of \$613,864, or a total of \$3,881,252 on these two items.

In 1887 an agitation was raised, which became successful, for taking the duty off anthracite coal, which was supposed, and which did bear heavily upon the western provinces. The duty of 50 cents per ton was taken off, and from that time up to 1895, inclusive, the amount of \$6,044,355 was remitted to the consumers of anthracite coal. In 1890, besides other reductions in the tariff, there was a reduction of 10 per cent on common window glass, and 15 per cent on molasses, and on these two articles alone, articles of common consumption, there has been saved \$521,755 to the people of this country.

In 1891 the duty on raw sugar was removed,

and the duty on refined sugar was reduced, and from 1891 to 1895, inclusive, there was saved to the people, in the remission of taxation on raw and refined sugar, the sum of \$19,851,995. And that saving was upon an article which goes into common and general consumption.

In 1894 a general reduction of the tariff was made all along the line.

Sir RICHARD CARTWRIGHT. Hear, hear.

Mr. FOSTER. I thought I should evoke one of these pleasant exclamations from my hon. friend, and I had hoped to provoke another from the leader of the Opposition. But perhaps he will favour me with it yet. For both these hon. gentlemen, not on one, but on many occasions, have taken upon themselves to inform the country that in 1894 the Minister of Finance came down with good intentions, proposed to reduce, considerably, the duties levied upon articles which entered into the consumption of the country, but that when he came before the House, the manufacturers scared him off, he ran his pencil through the reductions, and next to nothing was done at all.

Sir RICHARD CARTWRIGHT. Less than nothing.

Mr. FOSTER. The hon. gentleman says less than nothing. His statement is just as extreme as usual. In that general reduction in 1894, it is estimated that \$1,500,000 taxation was taken off the people. Now, if you add these amounts together, you will find that we have taken from the people an amount of taxation of \$45,131,027.

Some hon. MEMBERS. Oh, oh.

Mr. FOSTER. The sincerity of hon. gentlemen opposite, who profess very great desire to take away the burdens of the people, is evinced to-day by the laugh and the sneer with which they greet the statement that we have taken \$45,000,000 in taxation from the people of this country, from 1882 to the present.

The following table will show at a glance the savings made, as I have stated :—

SAVING in Taxation caused by transferring Tea, Coffee, Anthracite Coal, Tin, Raw Sugar, Bill Stamps, from the Dutiable to the Free List, the carrying of Newspapers free from office of publication and by reducing the Duty on Tea and Coffee not imported direct, and on Molasses, Refined Sugar and Window Glass.

Year.	Tea.	Coffee.	Coal.	Tin.	Sugar.	Bill Stamps.	News-papers.	Mo-lasses.	Window Glass.
	\$	\$	\$	\$	\$	\$	\$	\$	\$
1882	445,879	36,334	.....	57,225	.....	139,448			
1883	818,703	50,875	.....	102,732	.....	224,645	44,088		
1884	732,164	44,776	.....	82,353	.....	227,225	44,594		
1885	836,475	82,785	.....	90,269	.....	229,805	45,100		
1886	1,021,151	76,778	.....	96,461	.....	232,385	45,606		
1887	815,434	36,220	75,191	101,840	.....	234,965	46,112		
1888	751,558	54,877	1,068,652	104,539	.....	237,546	46,618		
1889	735,775	61,206	643,052	112,495	.....	240,126	47,124		
1890	770,260	61,473	600,667	117,503	.....	242,706	47,630	21,198	13,299
1891	751,969	64,559	699,533	113,011	227,474	245,286	48,136	75,461	34,789
1892	953,511	64,241	739,553	152,353	5,200,000	248,629	48,795	59,924	39,245
1893	759,323	69,402	750,275	121,018	4,000,000	251,798	49,416	59,876	38,142
1894	815,226	62,452	765,261	123,690	4,821,000	254,840	50,014	64,560	34,869
1895	826,611	66,550	702,171	89,614	5,303,000 *300,521	257,984	50,631	54,756	25,636
	11,034,039	832,528	6,044,355	1,465,103	19,851,995	3,267,388	613,864	335,775	185,980

* Refined sugar.

Grand Total.....\$43,631,027

The customs revenue accrued in 1895 amounted to \$17,887,267, which, per head of population, was \$3.52. In 1875, hon. gentlemen opposite charged the people of this country, by their customs taxation, \$3.95 per head. The average, as I said before, from 1874 to 1878, under hon. gentlemen opposite, was \$3.44 per head, and as I have said to-day, the amount of customs taxation per head in 1894-95 was brought down to \$3.52. Well, all this time the free goods of the country have been continually increased. Articles have been taken from the dutiable list and placed upon the free list until this comparison is afforded, that whereas in 1874, \$47,000,000 worth of free goods were entered, and whereas, in 1879, under the administration of hon. gentlemen opposite, the free list had fallen to \$23,000,000, a decrease of

\$24,000,000, we find that from 1880 to 1895 there was an increase of \$26,500,000 in the free list. Sir, the fact is made perfectly clear by this one assertion, that in 1874, 38 per cent of the imports for home consumption were free, that in 1879 this had fallen to 30 per cent, whereas, in 1895, 42 per cent of the imports for home consumption were free.

IMPORTANT AND GENERAL TARIFF REDUCTION.

Now I come to ask, and I am nearly at the conclusion of my speech, whether I was right or not—

An hon. MEMBER. No.

Mr. FOSTER. An hon. gentleman to your left says "no" before I had finished the question. That is the way hon. gentlemen

opposite judge with reference to the affairs of the country. They wish no argument, they listen to none. They have their preconceived opinions—and poor opinions the electors of Canada have told them they were, at four or five different elections. They need no argument, they require no information. But I want to ask the hon. leader of the Opposition, and my hon. friend opposite me (Sir Richard Cartwright)—the latter of whom said that in 1894 the reductions in the tariff were less than nothing, while the former declared that they were

next to nothing—I want to ask them whether or not it is possible for them to revise their opinion. At least I now propose to put before the House statements which will place the matter clearly in the eyes of the country, so that the people may judge whether hon. gentlemen opposite or I have made the correct statement. I propose to submit a list of the articles on which reductions have been made, showing the extent of the reduction on each article, and this list extends over the whole range of imported goods. It is as follows :—

STATEMENT showing sundry articles on which reductions of duty were made by tariff changes of 1894 and since.

Article.	Old Rate of Duty.	New Rate of Duty.	Reduction.
Animals, living, viz. :—			
Horned cattle.....	30 per cent.	20 per cent.	10 per cent.
Sheep.....	30 do	20 do	10 do
Hogs.....	2c. per lb.	1½c. per lb.	½c. per lb.
Baking powder in packages of less than one lb.....	8c. do	6c. do	2c. do
Bells, except for churches.....	30 per cent.	25 per cent.	5 per cent.
Brass and manufactures of :—			
Nails, rivets and burrs.....	35 do	30 do	5 do
Wire.....	15 do	10 do	5 do
Biscuits of all kinds, sweetened.....	35 do	25 do	10 do
Macaroni and vermicelli.....	2c. per lb.	25 do	23 do ad val.
Barley.....	15c. per bush.	30 do	15 do do
British gum, dextrine, sizing cream and enamel sizing.....	1c. per lb.	10 do	20 do do
Brooms.....	25 per cent.	20 do	5 do
Buttons of vegetable ivory or horn.....	10c. per gross and 20 per cent.	8c. per gross and 20 per cent.	2c. per gross.
do hoof, rubber, vulcanite or composition.....	5c. per gross and 20 per cent.	4c. per gross and 20 per cent.	1c. do
do all other, N.E.S.....	25 per cent.	20 per cent.	5 per cent.
Candles, paraffine wax.....	5c. per lb.	4c. per lb.	1c. per lb.
Cane or rattan, split or otherwise manufactured.....	25 per cent.	17½ per cent.	7½ per cent.
Carriages, &c. :—			
Farm wagons and farm carts costing less than \$50..	\$10 ea. & 20 p.c.	25 do	30 do ad val.
do do \$50 and less than \$100	\$15 do	25 do	18 do do
do do \$100 and over	35 per cent.	25 do	10 do
Cases for jewels, watches, silverware, platedware, cutlery and other like articles.....	10c. ea. & 30 p.c.	5c. ea. & 30 p.c.	5c. each.
Clocks.....	35 per cent.	25 per cent.	10 per cent.
Clothes wringers.....	\$1 ea. & 30 p.c.	25c. ea. & 20 p.c.	75c. ea. & 10 p.c.
Coal tar and coal pitch.....	10 per cent.	Free.	10 per cent.
Cocoa mats and matting.....	30 do	25 per cent.	5 do
Cocoa nut, desiccated, sweetened or not.....	8c. per lb.	5c. per lb.	3c. per lb.
Coffee :—			
Extracts of or substitutes therefor.....	5c. do	3c. do	2c. do
Roasted or ground, not imported direct.....	3c. p. lb. & 10 p.c.	2c. p. lb. & 10 p.c.	1c. do
do and substitute, N.E.S.....	3c. per lb.	2c. per lb.	1c. do
Collars of cotton or linen, xylonite, celluloid.....	24c. per doz. and 30 per cent.	24c. per doz. and 25 per cent.	5 per cent.
Copper and manufactures of :—			
Nails, rivets and burrs.....	35 per cent.	30 per cent.	5 do
Copper, old and scrap.....	10 do	Free.	10 do
do in pigs.....	10 do	do	10 do
do seamless drawn tubing.....	10 do	do	10 do
do ingots, sheets, plates and sheathing, not planished or coated.....	10 do	do	10 do

STATEMENT showing sundry articles on which reductions of duty were made by tariff changes of 1894 and since.

Article.	Old Rate of Duty.	New Rate of Duty.	Reduction.
Copper, in bars, rods and bolts, in length not less than 6 feet.....	10 per cent.	Free.	10 per cent.
Cordage, cotton.....	30 do	25 per cent.	5 do
Cotton, manufactures of :—			
Clothing, including corsets.....	35 do	32½ do	2½ do
Cuffs of cotton, linen, xylonite, xyolite and celluloid...	4c. p. pr. & 30 p.c.	4c. p. pr. & 25 p.c.	5 do
Dressing, harness, leather and shoe.....	30 per cent.	25 per cent.	5 do
Drugs, dyes, chemicals and medicines :—			
Acid, phosphate.....	3c. per lb.	2c. per lb.	1c. per lb.
Glue, sheet, broken sheet or ground.....	3c. do	25 per cent.	15 p. c. ad. val.
do liquid.....	30 per cent.	25 do	5 do
Liquorice, paste.....	2c. per lb.	20 do	5 p.c. do
do in rolls and sticks.....	3c. do	20 do	9 do
Yeast, compressed in bulk or mass of not less than 50 lbs.	4c. do	3c. per lb.	1c. per lb.
Earthenware and china :—			
Brown or coloured, and Rockingham ware.....	35 per cent.	30 per cent.	5 per cent.
Decorated, printed or sponged, and all earthenware, N.E.S.....	35 do	30 do	5 do
White granite or ironstone ware, C.C. or cream coloured ware.....	35 do	30 do	5 do
Manufactures of earthenware, N.E.S.....	35 do	30 do	5 do
Feathers, ostrich and vulture, dressed.....	35 do	30 do	5 do
Fertilizers.....	20 do	10 do	10 do
Fruits, green :—			
Blackberries, gooseberries, raspberries and strawberries, N.E.S.....	3c. per lb.	2c. per lb.	1c. per lb.
Plums.....	30 per cent.	25 per cent.	5 per cent.
Furniture, house, cabinet or office.....	35 do	30 do	5 do
Glass, &c. :—			
Flasks and phials of 8 oz. capacity and over, telegraph and lightning rod insulators, jars and glass balls and cut, pressed and moulded table ware...	5c. per doz. and 30 per cent.	30 do	5c per doz.
Silvered glass, bevelled.....	35 per cent.	32½ do	2½ per cent.
Gunpowder and other explosives :—			
Gun, rifle and sporting powder.....	5c. per lb.	3c. per lb.	2c. per lb.
Gun, rifle and pistol cartridges and cartridge cases.	35 per cent.	30 per cent.	5 per cent.
Gun wads and percussion wads.....	35 do	30 do	5 do
Gutta percha and india-rubber and manufactures of :—			
Belting.....	5c. per lb. and 15 per cent.	32½ do	4 do ad. val.
Ink, writing.....	25 do	20 do	5 do
Iron and manufactures of :—			
Agricultural implements—			
Binding attachments.....	35 do	20 do	15 do
Drills, seed grain.....	35 do	20 do	15 do
Harrows.....	35 do	20 do	15 do
Harvesters, self-binding and without binders....	35 do	20 do	1½ do
Mowing machines.....	35 do	20 do	15 do
Ploughs, sulky and walking.....	35 do	20 do	15 do
Reapers.....	35 do	20 do	15 do
Iron, bar and round rods, galvanized.....	30 do	27½ do	2½ do
Bar iron, rolled or hammered, comprising rounds, squares, &c., &c.....	\$13 per ton.	\$10 per ton.	\$3 per ton.
Cast iron pipes of every description.....	\$12 do but not less than 35 per cent.	\$10 do but not less than 35 per cent.	\$2 per ton when not less than 35 per cent.
Engines, other than locomotive and fire, and boilers	30 per cent.	27½ do	2½ per cent.
Hardware, viz.:—Builders', cabinetmakers', harness-makers' and saddlers' hardware, including curry combs and carriage hardware.....	35 do	32½ do	2½ do
Iron or steel sheets or other iron, or steel of all widths, sheet iron, common or black, smoothed, polished, coated or galvanized and Canada plates, No. 17 gauge and thinner, and hoop, band or strip, iron or steel, N.E.S.....	12½ do	5 do	7½ do

STATEMENT showing sundry articles on which reductions of duty were made by tariff changes of 1894 and since.

Article.	Old Rate of Duty.	New Rate of Duty.	Reduction.
Iron and manufactures of—Continued.			
Iron in slabs, blooms, billets, loops, puddle bars, or other forms less finished than iron in bars, and more advanced than pig iron, except castings..	\$9 per ton.	\$5 per ton.	\$4 per ton.
Locks of all kinds.....	35 per cent.	32½ per cent.	2½ per cent.
Portable machines:—			
Portable steam-engines, and parts of.....	35 do	30 do	5 do
Threshers and separators, and parts of.....	35 do	30 do	5 do
Sewing-machines, or parts of.....	\$3 each and 20 per cent.	30 do	1½ do
Machines, type-writing.....	30 do	27½ do	2½ do
All other machinery, except portable machines, composed wholly or in part of iron and steel.....	30 do	27½ do	2½ do
Malleable iron castings and steel castings.....	\$25 per ton and not less than 30 per cent.	25 do	14¢ do ad. val.
Nails and spikes and sheathing nails, composition...	20 per cent.	15 do	5 do
Nails and spikes, wrought and pressed, galvanized or not, horse-shoe nails, and all wrought iron or steel and other nails, N.E.S., and horse, mule, and ox-shoes.....	1½c. per lb.	30 do	11 do ad. val.
Nails and spikes, cut.....	1c. do	¼c. per lb.	¼c. per lb.
Nails, wire.....	1½c. do	1 do	½c do
Plough-plates, mould-boards, land-sides, when cut to shape from rolled plates of steel, but not moulded, punched, polished, or otherwise manufactured, and being of greater value than four cents per pound.....	12½ per cent.	5 per cent.	7½ per cent.
Other plates for agricultural implements.....	35 do	5 do	30 do
Pumps, other than steam.....	35 do	30 do	5 do
Railway fish-plates and tie-plates.....	\$12 per ton.	\$10 per ton.	\$2 per ton.
Safes and doors for safes and vaults.....	35 per cent.	30 per cent.	5 per cent.
Screws, iron or steel, commonly called wood screws:—			
2 inches or over in length.....	6c. per lb.	3c. per lb.	3c. per lb.
1 inch and less than 2 inches.....	8c. do	6c. do	2c. do
Less than 1 inch.....	11c. do	8c. do	3c. do
Scales, balances, and weighing beams.....	35 per cent.	30 per cent.	5 per cent.
Skates of all kinds.....	20c. per pair and 30 per cent.	10c. per pair and 30 per cent.	10c. per pair.
Stoves.....	30 per cent.	27½ do	2½ per cent.
Swedish rolled iron nail rods, under ½ inch in diameter, for manufacture of horse-shoe nails..	20 per cent.	15 do	5 do
Boiler tubes of wrought iron or steel.....	15 do	7½ do	7½ do
Other wrought iron tubes or pipes, not classified...	¼c. per lb. and 30 per cent.	¼c. per lb. and 30 per cent.	¼c. per lb.
Wire fencing, barbed, of iron or steel.....	1½c. per lb.	¼c. per lb.	½c. do
Wire, covered with cotton, linen or other material.	35 per cent.	30 per cent.	5 per cent.
Surgical and dental instruments.....	20 do	15 do	5 do
Steel ingots, cogged ingots, blooms and slabs.....	30 do but not less than \$8 per ton.	\$5 per ton.	\$3 per ton and in some cases more.
Saws.....	35 per cent.	32½ per cent.	2½ per cent.
Manufactures of iron or steel, not classified.....	30 do	27½ do	2½ do
Jellies, jams and preserves, N.E.S.....	5c. per lb.	3¼c. per lb.	1¾c. per lb.
Lead pipe and lead shot.....	1½c. do	¼c. per lb. and 25 per cent.	5 per cent ad. val.
Leather:—			
Leather, sole.....	¼c. p. lb. & 15 p.c.	15 per cent.	¼c. per lb.
Leather, belting leather, dressed, waxed or glazed..	20 per cent.	15 do	5 per cent.
Calf, kid, lamb and sheep skins, dressed, waxed or glazed.....	20 do	17½ do	2½ do
Upper leather, dressed, waxed or glazed.....	20 do	17½ do	2½ do
Japanned, patent or enamelled leather.....	25 do	22½ do	2½ do
All other leather and skins tanned not classified...	20 do	15 do	5 do

STATEMENT showing sundry articles on which reductions of duty were made by tariff changes of 1894 and since.

Article.	Old Rate of Duty.	New Rate of Duty.	Reduction.
Manufactures of leather:—			
Harness and saddlery	35 per cent.	30 per cent.	5 per cent.
Leather belting	25 do	20 do	5 do
Manilla hoods	20 do	Free.	20 do
Gas, coal oil and electric-light fixtures, or parts thereof.	30 do	27½ per cent.	2½ do
Milk, condensed, sweetened	1¼ c. p. lb. & 35 p. c.	3¼ c. per lb.	17 do ad. val.
do do not sweetened	35 per cent.	3¼ c. do	
Plumbago	15 do	10 per cent.	5 per cent.
Blacklead	30 do	25 do	5 do
Plumbago, manufactures of	30 do	25 do	5 do
Mucilage	30 do	25 do	5 do
Oils:—			
Mineral—			
Coal and kerosene, distilled, purified or refined, naphtha and petroleum, N. E. S.	7½ c. per gall.	6c. per gall.	1½ c. per gall.
Products of petroleum	7½ c. do	6c. do	1½ c. do
Lubricating oils, composed wholly or in part of petroleum and costing less than 25c. per gall.	7½ c. do	6c. do	1½ c. do
Essential oils	20 per cent.	10 per cent.	10 per cent.
Paints and colours:—			
Colours and paints, pulped or ground in oil or other liquids and all liquid, prepared or ready-mixed paints, N. E. S.	30 do	25 do	5 do
Ochres and ochrey earths and raw siennas	30 do	25 do	10 do
Oxides, fire-proofs, umbers and burnt siennas, N. E. S.	30 do	25 do	5 do
Paints ground or mixed in, or with, either Japan, varnish, lacquers, liquid dryers, collodion, oil finish or oil varnish, rough stuff and fillers.	5c. p. lb & 25 p. c.	25 do	5 cts. per lb.
Putty	25 per cent.	15 do	10 per cent.
Paper, leaf and grass, &c., manufactures of:—			
Bags or sacks, printed or not	35 do	25 do	10 do
Ruled, boarded and boxed papers	35 do	30 do	5 do
Straw board, in sheets or rolls, plain or tarred	40c. per 100 lbs.	30c. per 100 lbs.	10c. per 100 lbs.
Paraffine wax	3c. per lb.	2c. per lb.	1c. per lb.
Pencils, lead, in wood or otherwise	30 per cent.	25 per cent.	5 per cent.
Pocket-books, purses	35 do	30 do	5 do
Lard, tried or rendered	3c. per lb.	2c. per lb.	1c. per lb.
Meats:—			
Bacon and ham, shoulders and sides	3c. do	2c. do	1c. do
Canned meats	3c. do	25 per cent.	3 per cent.
Dried or smoked meats and meats preserved in any other way than salted or pickled, N. E. S.	3c. do	2c. per lb.	1c. per lb.
Other meats salted	3c. do	2c. do	1c. do
Sand paper, glass, flint and emery paper	30 per cent.	20 per cent.	10 p. c.
Sauces and catsups in bottles	40c. per gall & 20 per cent.	35 do	16 do ad. val.
do do bulk	30c. per gall & 20 per cent.	35 do	56 do
Soy	10c. per gall.	35 per cent.	23 per cent.
Flax seed	10c. per bush.	Free.	10c. per bush.
Soap:—			
Common or laundry, not perfumed	1½ c. per lb.	1c. per lb.	½ c. per lb.
Harness soap	30 per cent.	25 per cent.	5 per cent.
Perfumed or toilet	1c. p. lb. & 10 p. c.	35 do	22 do ad. val.
Powders, pumice, silver and mineral soaps, sapollo and like articles	3c. per lb.	35 do	10 do do
Ginger, preserved	35 per cent.	30 do	5 do
Sugar candy, brown or white and confectionery, including sweetened gums and candied peel	1¼ c. per lb. and 35 per cent.	¼ c. per lb. and 35 per cent.	¾ c. per lb.
Glucose or grape sugar, glucose syrup or corn syrup	1½ c. per lb.	1¼ c. per lb.	¼ c. do
Turpentine, spirits of	10 per cent.	5 per cent.	5 per cent.
Twine for harvest binders, of jute, manilla or sisal and of manilla and sisal mixed	25 do	12½ do	12½ do

STATEMENT showing sundry articles on which reductions of duty were made by tariff changes of 1894 and since.

Article.	Old Rate. of Duty.	New Rate of Duty.	Reduction.
Twine, cotton.....	1c. p. lb. & 25 p.c.	25 per cent.	1c. per lb.
Twines of all kinds, N. E. S.....	30 per cent.	25 do	5 per cent.
Twines, manufactures of, viz. :— Hammocks and lawn tennis nets and other like articles, N. E. S.....	35 do	30 do	5 do
Varnish, lacquers, japans, japan driers, liquid driers, and oil finish, N. E. S.....	20c. p. g. & 25 p.c.	20c. p. g. & 20 p.c.	5 do ad. val.
Tomatoes, fresh.....	30c. per bush. and 10 per cent.	20c. per bush. and 10 per cent.	10c. per bush.
Tomatoes and other vegetables, including corn and baked beans in cans or other packages.....	2c. per lb.	1½c. per lb.	½c. do
Webbing, elastic.....	25 per cent.	20 per cent.	5 per cent.
Wood and manufactures of :— Barrels containing petroleum or its products, &c....	40c. each	20c. each.	20c. each.
Caskets and coffins.....	35 per cent.	25 per cent.	10 per cent.
Mouldings, plain.....	25 do	20 do	5 do
do gilded, &c.....	30 do	25 do	5 do
Hubs, spokes, felloes and parts of wheels, rough hewn or sawn only.....	15 do	Free.	15 do
Shingles.....	20 do	do	20 do
Show cases.....	\$2 each & 35 p. c.	35 per cent.	\$2 each.
Woodenware, pails, tubs and churns.....	25 per cent.	20 do	5 per cent.
Picture frames.....	35 do	30 do	5 do
Veneers of wood not over ¼ inch thick.....	10 do	5 do	5 do
Coke, (2,000 lbs. to a ton).....	50c. per ton.	Free.	50c. per ton.
Marble, in the rough, in blocks, containing less than 15 cubic feet.....	15 per cent.	do	15 per cent.
Marble, in the rough, in blocks, containing 15 cubic feet or over.....	10 do	do	10 do
Ship timber and ship planking.....	20 do	do	20 do
Timber, hewn and sawn and timber used for spars and in building wharfs.....	20 do	do	20 do
Timber, square or sided.....	20 do	do	20 do
Cresoted lumber.....	20 do	do	20 do
Sawn boards, planks, deals, and other lumber, un- dressed or dressed on one side only.....	20 do	do	20 do
Pine clapboards.....	20 do	do	20 do
Spruce do.....	20 do	do	20 do
Posts, last blocks, wagon blocks, oar blocks, gun blocks, heading, and all like blocks or sticks, rough hewn or sawed only.....	20 do	do	20 do
Laths.....	20 do	do	20 do
Pickets and palings.....	20 do	do	20 do
Staves of wood of all kinds.....	20 do	do	20 do
Flax fibre, scutched.....	1c. per lb.	do	1c. per lb.
do hackled.....	2c. do	do	2 do
Flax, tow of, scutched or green.....	½c. do	do	½ do
Raspberries, wild.....	3c. do	do	3 do
Album insides, made of paper.....	35 per cent.	do	35 per cent.
Blast furnace slag.....	20 do	do	20 do
Bibles, prayer books, psalm and hymn books.....	5 do	do	5 do
Books printed in any language, other than the English and French languages, N. E. S.....	15 do	do	15 do
Bookbinder's cloth.....	10 do	do	10 do
Buttons, shoe, papier maché.....	5c. per gross & 20 per cent.	do	5c. per gross & 20 per cent.
Oxide of copper, N. E. S.....	30 per cent.	do	30 per cent.
Curling stones of granite.....	25 do	do	25 do
Ammonia, nitrate of.....	do	do	do
Cyanide of potassium.....	do	do	do
Saltpetre.....	20 per cent.	do	20 do
Soda, chlorate and bi-sulphite of.....	20 do	do	20 do
Tin crystals.....	20 do	do	20 do
Zinc, salts of.....	5 do	do	5 do
Sumac, other than for dyeing purposes.....	20 do	do	20 do

STATEMENT showing sundry articles on which reductions of duty were made by tariff changes of 1894 and since.

Article.	Old Rate of Duty.	New Rate of Duty.	Reduction.
Glove fasteners, metal, eyelet hooks and eyelets.....	30 per cent.	Free.	30 per cent.
Globes, geographical, topographical and astronomical ..	20 do	do	20 do
Grommets	According to metal.	do	
Ingot moulds	1½c. per lb. but not less than 35 per cent.	do	1½c. per lb.
Iron sand or globules and dry putty for polishing granite	20 per cent.	do	20 per cent.
Lamp black and ivory black	10 do	do	10 do
Manilla hoods.....	20 do	do	20 do
Brass in bars, bolts not bent or otherwise manufactured, and in lengths not less than 6 feet.....	10 do	do	10 do
Brass, drawn, and plain and fancy tubing, not bent or otherwise manufactured, in lengths not less than 6 feet	10 do	do	10 do
Brass in strips for printers' rules, not finished.....	15 do	do	15 do
Lead, nitrate of and acetate of, not ground	5 do	do	5 do
Lead, tea.....	30 do	do	30 do
Stereotypes, electrotypes and celluloids of books and bases and matrices and copper shell for the same, whether composed wholly or in part of metal or celluloid.....	2c. per sq. inch.	do	2c. per sq. inch.
Mohair yarns.....	10c. per lb. and 20 per cent.	do	10c. per lb. and 20 per cent.
Carbolic or heavy oil.....	10 per cent.	do	10 per cent.
Olive oil for manufacturing and mechanical purposes...	20 do	do	20 do
Plumbago crucibles	30 do	do	30 do
Potash, caustic	20 do	do	20 do
Potash, red and yellow prussiate of.....	10 do	do	10 do
Prunella for boots and shoes.....	10 do	do	10 do
Rosin oil.....	20 do	do	20 do
Saddle jiggers and stirrups.....	3 do	do	35 do

This list includes all the articles on which reductions have been made, and shows that there was an important and significant reduction. And hon. gentlemen must take into account this fact—that this reduction in tariff was made at a time when reduction of the tariff was accompanied with the greatest difficulties. It was made at a time when prices were lowering in the United States, in Belgium and in every great manufacturing country; not only when prices were lowering as quoted in the regular markets, but when hard times had made it necessary for manufacturers to sell, if they could get cash, even if they had to sell at cost or less than cost. Many and many a case occurred in which manufactured goods were held as collateral by the banks, and the manufacturers being unable to meet their obligations, the banks sold the collateral security for whatever they could get, in order to turn

it into cash. It was in this period of depression, this period of strong competition, this period of slaughter prices, that we undertook the revision of the tariff. Taking all these things into consideration, the remarkable cut that was made in the tariff on these articles, going to the very verge of the extreme, shows that a great advantage was afforded to consumers in the remission of taxation and the consequent cheapening. I think I have disposed of the statement made by these two hon. gentlemen, that, though I proposed a reduction of the tariff, I did not carry it out.

THE LIBERAL-CONSERVATIVE RECORD.

Now, Mr. Speaker, one further subject, one that may pertinently be discussed at this the last session of the term of the present Parliament, and it is this:—From 1878, when the people, by a large majority, gave their verdict for the

change in the fiscal policy of this country, the Liberal-Conservative party and the Liberal-Conservative policy have dominated in this country and have moulded the administrations. Upon these seventeen years, the Liberal-Conservative policy is written. That record is before the country, upon that record they are quite willing to be judged. But, Sir, the Liberal-Conservative party wish to be judged upon their whole record, and not upon any particular part of it, administrative or otherwise, that any hon. gentleman may choose to pick out to suit his convenience. I do not fear, neither does the Liberal-Conservative party, that if that record is fairly and adequately looked at, the people of the country at the coming elections will not be exactly of the same mind that they were in 1878, in 1882, in 1887, and in 1891, and that they will not be in favour of the continuation of a reasonable policy of protection for this country. Sir, what has been the record of these seventeen years ?

FACILITIES FOR INTERNAL COMMUNICATION.

A vigorous public policy has been carried on in this country in favour of improved facilities of internal communication, which have been pressed upon this Parliament, which have been acceded to by this Parliament, and which have been carried out in the country. The record of the Liberal-Conservative party embraces the building and completion of the Canadian Pacific Railway and of the many miles of railway, aided by subsidies more or less liberal, which have been spread over the country, in addition to our great trunk lines of railway. Not only, Sir, have these railroads been projected and built as a part of the Liberal-Conservative policy, and against the steady opposition of hon. gentlemen opposite, but in reference to the canals, and some parts of the canal system, the same fact appears. A vigorous public policy in connection with the canal system of this country, is within the record of the Liberal-Conservative party. Not only have they widened and deepened the old canals until they are now within two years of completion to a fourteen foot depth, from the great lakes to the city of Montreal, but they have taken that other step, of making this country entirely independent, so far as water communication on the great lakes is

concerned, of any other people, and have built the great Sault Canal, a channel of communication which opens to us the remotest of the great lakes, without asking permission of any other people in the world.

EXTERNAL STEAMSHIP COMMUNICATION.

With regard to our railways and our canals, there has been a vigorous policy pursued ; so there has been with reference to lines of communication external to this country. In regard to our steamship lines of communication, whenever our policy has been brought before this country, it has been met either with sneers, or with active opposition by hon. gentlemen opposite. Take the line to the West Indies and to South America, which, seven or eight years ago, was projected in this House, which received the assent of Parliament, and which was carried into execution. Every one knows with what opposition it was met by the leader of hon. gentlemen opposite, and by his party. What has taken place ? Why, Sir, with reference to the West Indian trade, whereas, in 1887, our total trade was but \$4,000,000, in 1895 our total trade with the West Indies amounts to \$8,500,000, an increase of about 112 per cent in our trade with those islands in those few years. And to-day, Sir, the West Indies, in its aggregate of trade, takes the third place in the list of countries with which Canada is carrying on business. Every one knows the opposition which was met by the proposal to subsidize a line of steamers from the western coast to China and Japan, but it was carried out. It had in it that good feature, that sterling feature, of co-operation with the British government in the matter, and that line has been carried out successfully, trade has increased ; and the average of the trade, during the last five years, with China and Japan, amounted to \$2,800,000, whereas it was but a beggarly average of \$623,000 from 1874-5 to 1879, when hon. gentlemen opposite were in power. Take, also, the line of communication with Australasia, a line which was put on some five years ago, a line which encountered the strongest opposition from hon. gentlemen opposite, but a line which has been successfully put in operation, and is to-day uniting the Australasian colonies and Canada hand in hand in mutual sup-

port of the service ; and it is also doing this great thing, giving a successful and progressive increase of trade. But, Sir, out of it there has come something more valuable than this co-operation and communication ; there came, as the natural result, an inter-colonial conference of delegates from the great colonies of Great Britain, held here in Ottawa two or three years ago ; and as a result of their deliberations, as a result of their resolutions, as a result of the persistent and prudent way in which these have been brought to the attention of the British government, we have to-day something that should be noted and is remarkable—the British government itself proposing to ask the British taxpayer to put his hand into his pocket to the extent of £75,000 yearly, for ten years, to co-operate with Canada and Australia in building up a great line of steam communication from Sydney and Melbourne, in the far Pacific Ocean, across this continent, and over the Atlantic to Liverpool and the ports of Great Britain. But, Sir, in addition to that, the great scheme of a trans-Pacific cable has been discussed, has been presented to the British government, and has so far claimed the attention of the British government that the Colonial Secretary has asked for delegates from the Australasian colonies and from Canada, to meet in London to talk over the possibilities and prospects of achieving that

great line of swift communication between Australasia, Canada and Great Britain. So, Sir, I say that in regard to steam communication, we have had a vigorous and consistent policy, and a policy which has not only succeeded in a business point of view, but it has, I contend, still more succeeded in awakening interest and sympathy in other colonies and in Great Britain, and which is drawing closer and closer together, on lines of mutually helpful enterprise, all the colonies, and Great Britain co-operating as one. In addition to this we have this year subsidized a most successful winter service between St. John and Liverpool, and have in contemplation the establishment of a direct steamship service between Canada and France.

DEVELOPMENT OF INDUSTRIES.

Sir, I need not make an extended argument with reference to the establishment, and maintenance, and expansion of the industrial life of this country. That that industrial life has been established, and has expanded, we have proofs on every side. Every one who has experience dating back to 1878, and who compares that period with 1895, knows the advance that Canada has made in her industrial life. I will not press that argument a single step further. I merely wish to call your attention to the result of ten years, as shown by the census of the Dominion of Canada :

CANADIAN INDUSTRIES PER CENSUS RETURNS.

	1881.	1891.	Variation.	
			Increase.	p.c.
Number of establishments.....	49,722	75,768	26,246	52
Capital invested..... \$	164,957,423	354,620,750	189,663,327	114
Number of employees.....	254,894	370,256	115,362	41
Wages paid..... \$	59,401,702	100,663,650	41,261,948	69
Cost of raw material..... “	179,929,193	256,119,042	76,189,849	42
Value of products..... “	309,731,867	476,253,886	166,527,019	53

That does not take in the increase that took place between 1879 and 1881, nor does it take in the increase that took place between 1891 and 1895, which is nearly a half decennial period. These figures may be laughed at by hon. gentlemen opposite. They are in the habit of taking part of the census that suits them and declaring it must be relied on, and then of taking another part which does not suit them and declaring it

cannot be relied on. The same Government was in power when the censuses were taken, and if one part is reliable the other part we must suppose to be equally reliable. Hon. gentlemen are prone to make a point of looking over the census and finding some small knitting works, entered as a manufacturing industry to declare that no reliance can be placed on the enumeration. The whole argu-

ment is taken away when hon. gentlemen examine that portion of the census which groups industrial establishments with reference to their output. Five classes are given with respective output, viz., those under \$2,000, those from \$2,000 to \$12,000, from \$12,000 to \$25,000, from \$25,000 to \$50,000, and those over \$50,000. From an investigation of these five classes it will appear that the per cent of total output of the first class is exactly what it was in 1881, whilst the increase in the fifth or largest class is 14 per cent greater than that of the smallest class for the decennial period of 1881 and 1891. Alongside of that, put the other fact that the same system of enumerating establishments which was followed in the census of 1881 and 1871, was adopted in the census of 1891, the taking of the census in each case having been pursued upon the same plan.

WHY SHOULD CANADA CHANGE HER TRADE POLICY ?

But if we are not to continue the same policy, I wish to ask myself and to ask this House the question, why should we change ? Is there any reason why we should change ? Is there any reason in the record of the past seventeen years why the fiscal policy of this country, which has resulted in such improvement and advance, should be changed for some other ? No. Is there any reason to be found in the bases which have been laid down from time to time by hon. gentlemen opposite as tariff and trade lines on which they think this country should mould its policy and carry on its administration ? Hon. gentlemen opposite are men of many political faiths so far as tariff is concerned, but they are men of no steady convictions so far as those same faiths are concerned. Hon. gentlemen opposite have put before this country during the last five years, several plans, several bases of operation. They have had Commercial Union, they have had Unrestricted Reciprocity, they have had Free trade as it was in England—all of these have been advocated and strongly advocated by my hon. friend who sits opposite me (Mr. Laurier), and by my hon. friend who leads the financial section of that side of the House, in so many strong, sturdy and plain

English words ; and if there was any doubt in regard to the position of the last mentioned gentlemen, he cleared away that doubt two days ago when he took occasion to reiterate his position by reading a letter written in 1891.

Sir RICHARD CARTWRIGHT. In 1892.

Mr. FOSTER. The political belief he held then, he reiterated as held by him now. One of his beliefs is this, that free trade with the United States is of greater moment to this country than free trade with all the rest of the world, with the United States left out.

Sir RICHARD CARTWRIGHT. Hear, hear.

Mr. FOSTER. Yes ; and no man knows better than my hon. friend that free trade with the United States of America is impossible without discriminating against the rest of the world, and he himself has stated it again and again. Everybody knows that the temper of the United States even under Democratic rule was far removed from free trade, and under Republican rule is still further removed from free trade. My hon. friend as the coming financier of a possible new government, if hon. gentlemen opposite should get into power, is determined, taking his last confession, to give to this country unrestricted reciprocity with the United States, though it involves discrimination against the mother country and every other country. I take that as the latest confession of the political faith of the hon. gentleman who is to be Finance Minister, as the hon. leader of the Opposition has stated, and who will rule and dominate the tariff policy of hon. gentlemen opposite if they got into power within the natural term of his life.

Sir RICHARD CARTWRIGHT. Instead of the Manufacturers' Association, as is the case with you.

Mr. FOSTER. I will use that statement before the country as a lesson which the people may ponder over in connection with the political faith, the political action and electoral action which took place in 1891. Is there any reason why we should change our line of reasonable protection in order to adopt any of those facile political faiths which have been confessed from time to

time by hon. gentlemen opposite? Is there any reason for a change to be found in the general circumstances of the world to-day? If in 1878 the people of this country thought that a reasonable protection was necessary to give them the vantage ground in competing with the world and building up and establishing industrial life in this country, is it any less necessary to-day? Is the competition less keen to-day than it was in 1878? Are the tariff lines of the various countries of the world lower to-day than in 1878? Is the tendency of the commercial countries of the world changed in the direction of freer trade and lower duties? No, Sir. They have changed and are changing in the direction of greater stringency and more prohibitive tariffs, and circumstances, if they have changed from 1878 to this time, are stronger to-day in the direction of making Canada keep, for the sake of her trade and business interests, to the line of reasonable protection, instead of taking the line of free trade or of partial free trade. Why, to-day, after the Democratic administration had lowered the duties to a small extent, but so far away from free trade that they enjoy a tariff with an average of 42 per cent on dutiable articles for home consumption in that country, when they had given Canada some little better footing in their market by lowering to some extent duties on agricultural products, what to-day has happened? A Republican majority in the House of Representatives has sent to the Senate a Bill which proposes to raise the rate of taxation on all those articles, and to raise them so as to be prohibitive as regards the introduction of the products of Canada into the United States. Is that a reason why we should change our line of policy? If in 1878 there was reason for the adoption of this policy, in 1895 there is greater reason that this policy should be continued, and we should hold to it in Canada.

Mr. MILLS (Bothwell). You say you have abandoned it. You claim you have taken off \$6,000,000.

Mr. FOSTER. No one is so foolish as to think that is an abandonment of the principle of protection. When the hon. gentleman goes to the country and wages political warfare against this party and the Govern-

ment the last thing he will say is that we have abandoned protection. The first assertion and the only assertion he will make is, that we are hide bound protectionists, and that therefore we should be put out of office.

CLOSER TRADE RELATIONS WITH THE EMPIRE.

But there is a line which I think it is possible, and I believe it is right that the statesmanship of this country as well as of Great Britain and other colonies of the Empire should consider and ponder carefully and well, and that is whether it is not possible for statesmanship in the colonies and Great Britain to bring about between the colonies as amongst themselves and between the colonies and Great Britain concurred action which will be conducive to the commercial interests of both, and which will result in greater power and strength. I read an article but a little time ago in the "Nineteenth Century Review," in which the general question which is agitating many thoughtful minds at the present day was raised and discussed, as to whether the Empire would be able to feed itself in the event of a war against Great Britain which would cut off her supplies from hostile nations. Feed itself! Why, Sir, if statesmanship is not able, practically to solve that question, statesmanship must find it impossible to solve any of the great questions, which from time to time present themselves for consideration. The Empire able to feed itself! Yes. This article showed that 100,000,000 bushels of wheat were necessary to England, other than what the colonies afforded her at the present time, in order to feed the people of the Empire there. One hundred millions bushels of wheat! Why, fifty thousand Canadian farmers with 100 acres each, in wheat, and raising twenty bushels to the acre, would produce the 100,000,000 of bushels of wheat needed by Great Britain. And, what is fifty thousand farmers cultivating five millions of acres, compared with the English farmers wanting employment and the numbers of millions of acres of good wheat land in Manitoba and the North-west Territories, which has not yet been scratched by the plough. Meats to the value of one hundred and forty millions of dollars would need to be supplied by the colonies, to make up for Great Britain's deficiency.

supplied now from foreign countries. Well, cattle, and horses, and pigs in illimitable quantity could be raised in this country. And as to butter and cheese ; fifty thousand farmers owning each fifty cows, amounting to 2,500,000 in numbers, would supply butter and cheese going far to meet the demands of Great Britain for such supplies. And, with the vast lands of the North-west, that is not an estimate which cannot be reached, if adequate means were taken to bring it about. So, Sir, I might go on to amplify this. The sugar which is necessary for the consumption of Great Britain could be supplied by the West Indies, and by the East Indies, with the cultivation of the cane lands which are now going out of use, and which by its diminution is impoverishing the planters and the labourers of the West Indies. That industry might again have its period of flourishing and its reward of remunerative production were concurrent action taken in Britain and the Islands. So, all the way through. It is a problem which only requires time and good statesmanship to solve. And, as I said before, it is for Canada, for Australia, for the other colonies of

Great Britain and for Great Britain herself to ponder this seriously and carefully ; to consider whether or not, an arrangement cannot be come to which will make the Empire and its dependencies sufficient within themselves to feed the Empire, and by doing that add to the volume of business, and to a mutually remunerative production. And, Sir, the statesmanship which could formulate some such policy of mutually beneficial trade would achieve an end infinitely higher and more wide-reaching. It would evolve from the dark foreground of the not distant future, a national life of singular strength and beauty, in which Canadian Britain, and Australasian Britain, the Britain of Asia and Africa and of the Isles of the Sea, would group themselves in grand imperial unity ; the old enriching the new, and the new imparting fresh strength to the old.—through whose world-wide realm the blood of a common commerce should mingle with the blood of a common patriotism, whose power would compel peace, and whose millions of happy people would march in the van of the fullest freedom and the highest civilization.

